

Daily Report

China

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Daily Report

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INTERNATIONAL AFFAIRS

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General

Foreign Ministry Holds Weekly News Briefing

Soviet Plan for Afghan Pullout OW 100922 Beijing XINHUA in English 0917 GMT 10 Feb 88

[Text] Beijing, February 10 (XINHUA)—China today expressed its hope that the Soviet Union will take concrete actions to withdraw its troops from Afghanistan at the earliest date so that there may be an early restoration of Afghanistan's independent, neutral and non-aligned status.

A spokeswoman for the Chinese Foreign Ministry made this remark while commenting on Soviet leader Gorbachev's February 8 statement concerning Soviet troop withdrawal from Afghanistan at a weekly news briefing here this afternoon.

"We have taken note of the relevant reports," she said.
"The key to the settlement of the Afghan question lies in the Soviet Union withdrawing all its troops from Afghanistan as soon as possible."

Indian Occupation of Territory
OW100935 Beijing XINITUA in English 0921 GMT
10 Feb 88

[Text] Beijing, February 10 (XINHUA)—China will never recognize the illegal "McMahon Line" and the no-called "Arunachal Pradeah" and will never accept the occupation of Chinese territory by India.

The Chinese Government has solemnly stated this on many occasions, said a Chinese Foreign Ministry spokeswoman at a news briefing here this afternoon.

When asked to comment on the case that not long ago an Indian leader went to "Arunachal State" and called it the casternmost frontier territory and strategic frontier state of India, the spokeswoman said that "the so-called 'Arunachal Pradesh' has been established basically on the Chinese territory illegally occupied by India in the castern sector of the Sino-Indian boundary."

"Calling Chinese territory India's 'frontier territory' contradicts the historical facts and is detrimental to a settlement of the Sino-Indian boundary issue," she said.

When asked to comment on a public speech in which the director of the Indian Institute of Defense Studies and Analysis claimed that China constituted the "major threat" to India, the spokeswoman said, "China has always pursued an independent foreign policy of peace and we sincerely hope to live in harmony and friendship with neighboring countries."

"The allegation about the so-called threat posed by China to India is totally groundless and is detrimental to the improvement of relations between the two countries," she said.

San Marino Leaders To Visit 24 Feb OW 100926 Beging XINHUA in English 0916 GMT 10 Feb 88

[Text] Beijing, February 10 (XINHUA)—Captains Regent (heads of state) Gian Franco Terenzi and Rossano Zafferani of the Republic of San Marino, together with their wives, will pay an official goodwill visit to China from February 24 to March 1.

The San Marino visitors will be here as guests of Chinese President Li Xiannian, a spokeswoman for the Chinese Foreign Ministry announced at a weekly news briefing here this afternoon.

Diplomat Cites Human Rights Violations OW082110 Beijing XINHUA in English 1950 GMT 8 Feb 88

[Text] Geneva, February 8 (XINHUA)—A senior Chinese official today accused Vietnam, the Soviet Union, Israel and South Africa of violating the right of people to national self-determination through invasion or occupation.

Qian Jiadong, China's permanent representative to the United Nations office in Geneva, said these violations not only deprive many people of their human rights and fundamental freedoms, but also seriously jeopardize world peace and security.

In a speech to the U.N. Commission on Human Rights, Qian said that the nine-year occupation of Kampuchea by Vietnam had brought disaster to the Kampuchean people, but at the same time landed Vietnam itself in an inextricable political, economic and diplomatic dilemms.

Under pressure from the international community, Vietnam has said it will withdraw its troops from Kampuchea by 1990. But Qian said he believed this was "nothing but an attempt" to legitimize the Vietnamese military occupation in order to impose on the Kampuchean people a so-called "coalition government" with the Vietnam-backed regime in Phnom Penh forming the backbone.

He urged a prompt withdrawal of all Vietnamese troops and respect for the Kampuchean people's right to selfdetermination. Turning to Soviet-occupied Afghanistan, the Chinese official expressed concern that the war imposed upon the Afghan people had destroyed the lives and property of innumerable Afghan people and had resulted in an exodus of millions of refugees into neighbouring countries.

He said that China would welcome a political solution to the Afghan issue and added that the pullout of all Soviet forces remained the key to the solution.

"If the Soviet Union genuinely wants a solution to the Afghan issue, it should demonstrate its sincerity in concrete deeds rather than limiting itself to mere verbal pronouncements," he said.

Qian also condemned the Israeli occupation of Palestine and the South African occupation of Namibia where, he said, the right of the people to self-determination was being trampled upon.

United States & Canada

Roundup Examines Iowa Caucuses OW091700 Reging XINIIUA in English 1650 GMT O Feb 88

["Round-up: Iowa Caucuses Close With Bush's Rating Down-by Li Yanning-XINHUA headline]

[Text] Washington, February 8 (XINHUA)—Vice President George Bush was a big loser in today's lowa caucuses, the first test of strength in the U.S. Presidential elections next November.

Traditionally the results of the lown caucuses — 250,000 voted yesterday — have a profound effect on the presidential nominations of both U.S. parties.

Vice President Bush finished in third place in the Republican caucus, drawing only 19 percent of his party's voters. The Republican winner was Senate leader Robert Dole, who drew 38 percent of the votes.

In second place, between Bush and Dole was television evangelist Pat Robertson, with 24 percent of the Republican votes.

Although Bush's third-place finish is a serious setback, he may still be favored in the New Hampshire primary to be held on February 16, and a strong win there would overshadow the Iowa result. However, the strong support for Robertson was unexpected, and introduces a new factor in the election.

Conservative Congressman Jack Kemp of New York got 11 percent of the Republican caucus votes, and former Delaware Governor Pete Du Pont got 7 percent. Former Secretary of State Alexander Haig earlier gave up his attempt in Iowa. Since Kemp, Du Pont and Haig were not expected to do well in lowa, their vote totals are not seen as significant. However, if they fail to do well in New Hampshire next week, their campaigns may be cut short.

The Democratic caucus turned out as expected. The winner, in a close race, was Missouri Congressman Richard Gephardt with 27 percent of the votes. He was trailed by Illinois Senator Paul Simon with 24 percent and Massachusetts Governor Michael Dukakis with 21 percent.

Civil rights leader Jesse Jackson, the only black candidate, got 11 percent support in the Democratic caucus in lows where only 1.4 percent of the population is black.

These results, although significant, are not necessarily indicative. Oephardt's lead is not seen as strong enough to give him a clear edge among the Democratic candidates.

Scandal-ridden Gary Hart, who did well in both lowa and New Hampshire in the 1984 balloting, got only I percent of the votes in today's Iowa Democratic caucus. If he fails to win significantly in New Hampshire next week, he, too, may be forced to quit the race.

Zhao Ziyang Visita Joint U.S. Auto Venture OW 100001 Beijing XINHUA in English 0918 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—Zhao Ziyang, the Chinese Communist Party general secretary, has suggested more Chinese-made spare parts be traded for foreign-made equivalents.

According to today's "BEIJING DAILY," Zhao made the statement when he toured the Beijing Jeep Corporation, the country's first Sino-U.S. automotive joint venture.

"Exchanging foreign-made parts, which cannot be produced domestically, for other goods manufactured by China's cheap labor force would be beneficial to foreign partners," Zhao explained.

"Via this type of barter trade," he said, "China could help alleviate financial problems faced by foreign partners, who could, in exchange, provide advanced technology a China."

According to Zhao, the insistence on not using any foreign parts is a sign of backwardness.

During the visit, Zhao, who said he visited the joint venture out of admiration, praised the corporation for its achievements in becoming a first-rate enterprise by pulling in foreign investment. The corporation, founded in January 1984 by the Beijing Automobile Works and the American Motors Corporation, boasts capital investment of \$1.03 million U.S. dollars, of which Chinese partners put in 68.65 percent.

Zhao toured the corporation's body shop, general assembly lines, and an exhibition of Chinese-made parts for Beijing Jeeps.

Soviet Union

Leadership Changes Predicted for CPSU Plenum OW100638 Beijing XINHUA in English 0632 GMT 10 Feb 88

["Personnel Changes Expected in Next Week's Soviet Party Plenum"—XINHUA headline]

[Text] Moscow, February 10 (XINHUA)—Some personnel changes may take place in next week's Soviet Communist Party Plenum, which will be devoted primarily to the discussions on educational reform, a well-informed Soviet source said here today.

The source did not say who will be affected in the shakeup, but observers believe that former Moscow Party Chief Boris Yeltsin might be one of the changes.

Yeltsin was sharply criticized at the previous plenum and was relieved of his dutes as first secretary of the Moscow Party Committee 20 days after the session.

Yeltain is likely to lose his post as a non-voting member of the Political Bureau.

The last plenum in October removed Geydar Aliyev from the Politburo, the highest policy-making body of the party.

The source said Soviet leader Mikhail Clorbachev will deliver a report at the meeting, which will start the 17th or 18th and last for two days.

Educational reform is seen as part of Gorbachev's comprehensive reform program, which has been carried out in the country since he took office in March 1985.

Joint Soviet Aerial Photo Agreement Concluded OW101154 Beijing XINHUA in English 1142 GMT 10 Feb 88

[Text] Moscow, February 10 (XINHUA)—Experts from China and the Soviet Union met here from February 1 to 10 to pave the way for Sino-Soviet border negotiations.

An agreement on joint aerial photography in the eastern part of the Sino-Soviet border was agreed upon at the ten-day meeting.

Igor Rogachey, Soviet deputy foreign minister and head of the delegation for the border talks, received Chinese and Soviet experts on Tuesday. Chinese ambassador to the Soviet Union Yu Hongliang also attended the reception.

Northeast Asia

Japan's Takeshita To Visit in August OW/100527 Boying XINHUA in English 0710 GMT 9 Feb 88

(Text) Tokyo, February 9 (XINHUA)—Japanese Prime Minister Noboru Takeshita will visit China in late August and early September to mark the 10th anniversary of the 1978 Japan-China Peace and Friendship Treaty.

According to the KYODO News Service, Takeshita has dropped his initial plan to visit China in June because he is to attend the United Nations special session on disarmament in New York and the Toronto summit of the seven industrialized nations that month.

Takeshita will tour Beijing and other cities during his 5-day stay in China KYODO said.

Meeting on DPRK Boundary River Navigation SK090656 Shenyang LIAONING RIBAO in Chinese 27 Jan 88 p 1

[Text] The 27th meeting of the Sino-DPRK Cooperative Committee for Boundary River Navigation opened in Shenyang on 26 January. That very evening, Wen Shizhen, vice governor of Liaoning Province, met with all comrades of the delegation of the Korean side, Yi Nam-chong being its first representative, and held cordial and friendly talks with them. After the reception, Vice Covernor Wen Shizhen hosted a banquet in honor of these Korean comrades.

When the five-member delegation of the Korean side arrived in Shenyang on the evening of 25 January by train, the delegation was greeted by Lian Chengshi, first representative of the Chinese side of the delegation, and by Sui Xudong, deputy director of the provincial Foreign Affairs Office.

Southeast Asia & Pacific

Samphan Sure Sihanouk Will Resume Leadership HK091552 Hong Kong AFP in English 1538 GMT 9 Feb 88

[Text] Reijing. Feb 9 (AFP)—Khmer Rouge leader Khieu Samphan said here Tuesday he was certain that Prince Norodom Sihanouk would agree to resume the leadership of the Cambodian resistance, which still considered him as its president.

"I can tell you that we are satisfied with the results of our visit," Mr. Khieu Samphan told reporters before leaving for Bangkok at the end of three days of talks with the former Cambodian monarch here.

"The prince has asked for time to think, but we still consider him as president of Democratic Kampuches," added Mr. Khieu Samphan, whose Khmer Rouge guerrillas form the military backbone of the Cambodian tripartite resistance coalition.

Mr. Khieu Samphan said he believed that Prince Sihanouk would not be long in deciding whether he would go back on his resignation from the coalition leadership.

"I am sure he will decide in favor (of returning)," he added.

Prince Sthanouk had called the U.N.-seated Coalition Government of Democratic Kampuchea (CGDK) an "abominable monster" when he announced his decision to resign and become "a free man" on January 30.

Several diplomats believe that the prince stepped down with the aim of facilitating direct negotiations with Hanoi.

The Khmer Rauge leader said Tuesday he was ready to negatiate with the Vietnamese, but would refuse to meet Prime Minister Hun Sen of the Hanoi-backed Phnom Penh regime.

Prince Sihanouk held two rounds of peace talks with Mr. Hun Sen in December and January in France, the first such talks since Vietnam sent its troops to Cambodia in December 1978 to oust the Chinese-backed Khmer Rouge regime.

Leader Son Sann of the Khmer People's National Liberation Front, the third coalition partner, had then accused him of "playing Vietnam's game," after which the prince announced that his meetings with Mr. Hun Sen were "adjourned."

Prince Sihanouk, cited by the NEW CHINA NEWS AGENCY, said Tuesday that he shared identical views with Mr. Khieu Samphan on major issues discussed and that the Khmer Rouge leader's mission "has been 100 per cent successful."

By leaving the door open on the possibility of his return to the resistance leadership, the prince is skillfully maneuvring to avoid a disintegration of the condition that would probably provoke his departure while at the same time exerting pressure on Vietnam to agree to meet him, analysts here said.

Sihanouk Son To Attend CGDK Cabinet Meeting OW 000229 Beijing XINHUA in English 1031 GMT 8 Feb 88

[Text] Bangkok, February 8 (XINHUA)—Prince Norodom Ranariddh will attend a cabinet meeting of the Coalition Government of Democratic Kampuchea (CGDK) on behalf of his father Samdech Norodom Sihanouk, Sihanouk's personal office here confirmed today.

A spokesman of the office told XINHUA that Prince Ranariddh received a telegram from Samdech Norodom Sihanouk to represent his father at a CODK cabinet meeting scheduled to be held on February 10.

The meeting will be held in an area in Kampuchea, the apokeaman said, but declined to give details.

He disclosed that the delegation to the meeting also includes Prince Norodom Chakrapong, member of the Coordination Committee for Defence, Buor Hell, member of the Coordination Committee for Finance and Economy of the CODK, and Keoputh Oasney, staff official of the Sihanouk's personal office.

This will be the first cabinet meeting after Samdech Sihanouk's resignation as president of Democratic Kampuches.

Death Toll of Vietnamese Troops in Battambang

67 Killed at Height 248
OW080231 Beijing XINHUA in English 1830 GMT
5 Feb 88

[Text] Beijing, February 5 (X!NHUA)—67 Vietnamese troops were killed and 93 others wounded by the Democratic Kampuchean National Army at Height 248 in Pai Lin, Battambang Province, in late January in a repulse of Vietnamese attacks on the height, according to Radio Democratic Kampuchea today.

On January 25, the radio said, when the Vietnamese troops attacked the Democratic Kampuchean National Army's camps stationed at Height 248 they were repelled by the National Army. The repulse left 4 Vietnamese dead and 5 wounded.

The following day when five batallions of Vietnamese troops attempted to capture the height, they were repulsed again by the National Army. During the fight, 15 Vietnamese were killed and 25 others wounded. Meanwhile, the National Army shelled the Vietnamese strongholds east to the height. The shelling claimed 30 lives of the Vietnamese troops and injured 39.

On January 29, a regiment of Vietnamese troops attacked the height once again but they were dealt a head-on blow by the National Army. As a result, 18 Vietnamese were killed and 24 wounded. The remnant Vietnamese troops were forced to withdraw to their strongholds.

S7 Killed in Late Jan
OW080141 Beijing XINHUA in English 1650 GMT
4 Feb 88

[Text] Beijing, February 4 (XINHUA)—The Kampuchean National Army has successfully attacked Vietnamese troops in Battambang Province on January 17-29, killing over 57 of them, according to the Democratic Kampuchean radio monitored here today.

The National Army made a surprise attack on a Vietnamese battalion in March at Mong District, Battambang Province on January 29, killing 25 soldiers and wounding another 30. Twenty-six rifles, three R-41 rocket launchers, and some ammunition were captured, the radio said.

They also killed five Vietnamese soldiers in a fighting Sampeou town, Battambang Province and liberated six villages on January 26.

On January 17-21, the National Army ambushed a group of Vietnamese troops looting rice from the local residents, killing 27 Vietnamese and wounding another 34.

Australian Governor General Pays Visit

OW101122 Beijing XINHUA in English 1047 GMT 10 Feb 88

[Text] Reijing, February 10 (XINHUA)—China's acting premier Li Peng met Australian Governor-General Sir Ninian Stephen at the state guesthouse here this morning.

Li extended his congratulations on Australia's bicentennial year.

He said that relations between China and Australia are on an even keel, with progress in every field.

The two countries have identical or similar views on many international issues, he added.

Stephen agreed with Li's view, saying that there are no obstacles or "forbidden areas" between the two countries. The growth of bilateral relations is autisfactory, he said.

Li briefed Stephen on the latest in China's reforms and answered some questions raised by visitors.

Stephen also gave an account of the situation in Australia.

The meeting was conducted in a cordial and friendly atmosphere.

Briefed by Peng Chang OW 101124 Beging XINITUA in English 1053 GMT 10 Feb 88

[Text] Beijing. February 10 (XINHUA)—Peng Chong. vice-chairman of the National People's Congress Standing Committee, met with Australia's Governor-General Siz Ninian Stephen in Beijing this morning.

Peng briefed Stephen on the NPC's role, work and reform, and said, "the Chinese people will be more directly involved in politics as the country becomes developed economically and more open to the outside world."

Peng also discussed China's current legislation and development of the country's legal system, and said, "a modernized, civilized country must have a sound legal system."

"Even though Australia and China have different social systems," Stephen said, "they can learn from each other's experience in developing democracy and working out a legal system."

Stephen expressed the hope scholars from both countries will get involved in more exchange in these issues.

According to Peng, visits to Xian, Kunming, Hangshou, and Guangshou will help the Australian guests know more about China.

OW001342 Reging XINHUA in English 1300 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—Chinese President Li Xiannian said here today that there have been many "new and susbtantive achievements in the multichannel and multi-level friendly cooperation and exchanges between China and Australia."

Speaking at a state banquet in honor of visiting Australian Clovernor-Cleneral Sir Ninian Stephen this evening. Li said developments in bilateral relations since the two countries established their diplomatic ties 16 years ago have shown that Sino-Australian friendship has a solid foundation.

"The exchange of visits between the leaders of our two countries and political consultations at different levels has contributed to our increasingly close political relations," he said.

The Chinese president noted that all-round cooperation between the two countries is now under way in the fields of iron and steel, non-ferrous metal, woolen textile, communication and transportation, agriculture and animal husbandary, culture and education and other fields.

"At the end of last year," Li said, "our two sides signed an agreement on Channar iron project, which marks the beginning of a new stage in our bilateral economic and technological cooperation."

Li said the Australian governor-general's current visit to China will surely contribute to promoting Sino-Australian relations and friendship between the two peoples.

Noting that China and Australia are friendly countries in the Pacific region, Li said "our two sides have many similar or identical views on international affairs," he said, "we are both committed to the lofty course of building our respective countries and desire to have a lasting peaceful international environment."

Li said, "the Chinese Government appreciates the active efforts made by Australia in safeguarding world peace, relaxing international tension and promoting North-South dialogue."

In reply, Sir Ninian Stephen expressed his thanks on behalf of the Australian people to the Chinese people for their generosity, good wishes and friendship in Australia's bicentennial year.

He said that China has sought foreign partners on whom it can rely for long term cooperative relations based on the principles of equality and mutual benefit, adding that Australia is responding to the challenge of change in its region, and these factors have enabled Australia and China to develop a sense of common purpose and partnership as good friends and cooperative neighbours.

A theme of his visit is to promote peace and stability in the Asian and Pacific region and the prosperity of Australia and China and to Roster genuine mutual respect for each of the two peoples, he said.

He said that continuing social and economic advance of Australia and China will depend to a large extent on a stable and peaceful environment, adding that Australia and China share a common desire for world peace.

He noted that the two countries shared interests in ensuring that the Asian Pacific region becomes increasingly a model of peace and prosperity.

He said. Australia will continue actively to promote peace and prosperity in the Asian Pacific region and beyond it.

On the bilateral relation, he said, in the fifteen years since Australia and China established diplomatic relations, the two countries have created a solid basis for

economic partnership, adding that mutually beneficial trade between the two countries continues to grow rapidly and the enterprises of the two countries are learning that both sides have much to offer each other in cooperating in the development and modernisation of the economies in the two countries.

He said that the two countries can learn from each other and draw each other's experiences in many fields.

China is rich in human resources, while Australia is rich in natural resources and technology, he said, this complementarity forms an excellent basis for long-term economic partnership.

He expressed the confidence that as China's modernization proceeds, both Australia and China will identify more and more opportunities to expand their economic partnership.

He said that the exciting challenge in Australia-China relations over the next fifteen years will be to broaden even more the , ange of people to people contacts which promote even greater mutual understanding and genuine friendship.

Attending the banquet were Lin Jiamei, wife of President Li Xiannian, Wu Xueqian, state councillor and foreign minister, and Gu Mu, state councillor.

Philippine Officials Criticize U.S. Bases

Renomic Role 'Lambasted'
OW070050 heijing XINHUA in English 1620 GMT
4 Feb 88

[Text] Manila, February 4 (XINHUA)—Ramon Mitra Jr., speaker of the Philippine House of Representatives, lambasted the U.S. today for stressing that the presence of the U.S. military bases here provides economic opportunities for the country.

At a news conference, Mitra said the U.S. Government has been cajoling the Philippines into maintaining its bases here by agreeing to some concessions.

He said the presence of Filipino military officials as base commanders of the two U.S. military installations here were intended as coametic changes to continue their military presence here. Mitra said that the nearly one billion U.S. dollars Washington has given for the period 1985-1989 were not enough to help the national economy.

He also denied the belief that the Philippines will suffer economically if the U.S. pulls out from the two bases. He claimed that on the contrary, the nation's eccnomy would prosper.

Mitra said the government would not conduct extensive studies on the fate of the two bases.

The United States maintains two largest overseas military installations in the Philippine soil—Clark Air Base and Subic Naval Base. The 1947-1991 Philippine-U.S. Military Bases Agreement will be reviewed in the middle of the year.

Pact Called 'Colonial'
OWORODIS Beijing XINHUA in English 1632 GMT
7 Feb 88

[Text] Manila. February 7 (XINHUA)—Philippine Vice-President Salvador Laurel today described the Philippine-U.S. Military Bases Agreement as an "unfair" and "colonial" document but said any decision to extend or abrogate it should be resolved in a national referendum.

In an open forum after his address at the University of Santo Tomas here, Laurel said the agreement was full of inequalities and inequities, which resulted from the country's position as a war-ravaged country in need of aid and independence from the U.S. at the time of signing.

"It is tantamount to a colonial document. We have been trying for 40 years to remove these inequalities and inequities. We have removed some, but it remains an unfair document," he said.

Laurel said the agreement, which expires in 1991, contains a privision giving mandate to either party to announce is intention to terminate it one year before it expires. Otherwise, the pact continues automatically, he said.

It is incumbent upon the Philip; mes to come out with its intention to terminate or to negotiate, he said.

He proposed that the two countries form a panel, when they give their notice to negotiate, to discuss the possible terms of agreement to enable the Filipino people to decide whether to continue or terminate the pact.

The United States maintains the two largest overseas military installations in the Philippines—Clark Air Base and Subic Naval Base. The 1947-91 Military Bases Agreement will be reviewed in the middle of the year.

Near Kast & South Asia

Roundup on Cordovez 'Shuttle Mission' OW091523 Beijing XINHUA in English 1504 GMT 9 Feb 88

["Round-up: U.N. Mediator on Afghanistan Makes Progress in Current Shuttle Between Islamabad, Kabul—XINHUA headline]

[Tent] Islamahad, February 9 (XINHUA)—U.N. Mediator on Afghanistan Diego Cordovez has ended his three-week diplomatic shuttle mission between Islama-bad and Kabul with some progress towards an agreement on the timetable for the withdrawal of an estimated 115,000 Soviet troops from Afghanistan.

However, some outstanding issues remain to be solved.

During his current mission beginning January 20, Cordovez held a series of talks with leaders and officials of the two countries. They discussed in detail all aspects of the Afghanistan issue, especially the timetable and interim government in Afghanistan after the Soviet withdrawa!

For the first time he met in public with Afghan resistance leaders, listening to their opinions about the settlement of the long-drawn Afghanistan crisis resulting from the Soviet invasion of that country in 1979. He constantly consulted with the U.S. and Soviet ambassadors in Islamabad.

At the end of his mission today, Cordovez told a press conference that Islamabad and Kabul have agreed to go back to Geneva after a six-month interval and finalize their eight-month difference on the timetable for the Soviet troop pullout early next month. He also said the next round of Geneva indirect talks on Afghanistan has been very well prepared.

At their last talks in Geneva in September 1987, Kabul insisted on a 16-month timetable while Islamabad demanded eight months.

In the previous six-year-old talks chaired by Cordoves since April 1982, Pakistan and Afghantstan have reached agreements on three of the four instruments contained in his draft peace package: non-interference, international guarantees and return of Afghan refugees.

Some people here regard the progress made in the current shuttle, partly out of Cordover's painstaking effort, as a step forward towards the solution of the Afghanistan crisis. Others take this as blind optimism as some important issues like interim government remain to be solved.

Cordovez described the present state of his shuttle as "slow and moving with enormous difficulties towards its conclusion." Although Cordovez was tight-lipped on what difficulties he had met in the shuttle, diplomats here hold that the parties in the Afghanistan conflict are still far apart in reaching any agreement on the formation of an interim government in that country after the Soviet pullout.

Pakistan has reportedly stressed the importance of the interim government issue to Cordovez during the talks to facilitate successful implementation of an agreement reached in the U.N.-sponsored peace process. It says anything else can lead to a bloodbath in Kabul and the five million Afghan refugees in Pakistan and Iran will not return to their homeland.

For this reason, it was reported, Pakistan has suggested to Cordovez that the next round of Geneva talks be delayed until the coalition government issue is solved.

Pakistan holds that none of the parties concerned in Afghanistan should seek a dominant role in the future government in Kabul. It proposes one-third representation for each of the present ruling party, the People's Democratic Party of Afghanistan (PDPA), Afghan resistance forces and other elements exiled in Western Europe including former King Zahir Shah.

Cordovez was reported to have brought with him a similar modality for the settlement of the Afghanistan issue.

Kabul head Najibullah, however, argued that the formation of an interim government in Afghanistan is no concern for the Geneva talks. He said the Afghans would form a government of their own choice and nobody else has the right to advise them on this count. He even said Pakistan should take the responsibility for putting hurdles in the solution of the Afghanistan issue if Geneva talks fail.

Soviet Foreign Minister Eduard Shevardnardse has said Moscow wants the broadest possible coalition in Kabul, but the coalition should be based on "Kabul's policy of national reconciliation" in which the PDPA will be a dominant power.

However, the Afghan resistance forces do not at all agree to the concept of power-sharing, not to say to cooperating with the Soviet-backed Kabul regime. Maulvi Yunus Khalis, chairman of the seven-party Afghan Resistance Alliance, said there could be no coalition government in Afghanistan and the Afghan resistance forces have the sole role to form a government of their own.

In a word, although some progress has been made towards the solution of the Afghanistan crisis, it remains to be seen whether 1928 will see peace restored in Afghanistan.

West Europe

News Analysis of EC Summit Prospects OW092052 Beging XINHUA in English 1957 GMT 9 Feb NR

("News Analysis: A Decisive Summit for EC's Future" by Zhang Jiansheng—XINHUA headline)

[Text] Brussels, February 9 (XINHUA)—Two days from now government leaders of the 12 European Community (EC) countries will reunite here again to discuss the long-debated package of fundamental EC policy reforms.

This package, dubbed the "Delors Plan," maps out concrete steps towards the creation of a single European market by 1992 in the form of an overhaul of the bloc's common agriculture policy, financing system and structural funding.

Ever since the plan was suggested a year ago, two successive summits have been convened, but both failed due to conflicts over a number of specific measures incorporated in the plan, preventing endorsement of the overall reform package.

The most contentious issue is how to curb farm surpluses and control agricultural spending by means of a set of "stabilizers."

To save the EC leaders from getting into the same old rut here during the February 11-12 special summit, member states have in the past few weeks frequently held negotiations to seek common ground on various problems and, in particular, on the stabilizers.

As a result, progress has been made in some areas.

General backing for a billion ECU reserve fund to cushion the community's farm policy from adverse effects that a possible further slide of the dollar may bring about is one such area.

The second is the broadly-accepted method of paying farmers to take land out of production, a way to complement the stabilizers to cut overproduction.

Then comes the will of member states to reconsider the calculation formula of EC revenue so as not to increase Italy's contribution by too much.

Federal Germany, the current holder of EC president's chair, also added an optimistic note to the list. Foreign Minister Dietrich Genscher said last week that progress seemed to have been made on the question of budgetary discipline and particularly the annual increase in farm expenditure.

However, these bright aspects have not prompted genuine optimism from many member states, nor have they lightened the gloomy mood in community institutions.

Quite a few key questions in the Delors Plan still lack a consensus and remain to be resolved by heads of government at the special summit. The most outstanding problems are the guaranteed ceiling on cereal output, the level of its "ease in the structural funds and, last but not least, the British rebate for its EC revenue contribution.

President Jacques Delors of the EC Executive Commission appealed to member states last week to make a great effort to secure a success at the summit.

Referring to the issues that remain to be tackled, he said that differences over them must not be over-dramatized. On stabilizers, he estimated that 80 percent of the road to an agreement had been covered and it would be ridiculous to abandon the solution over the remaining 20 percent.

He did warn against the dangerous repercussions that failure could cause to the community. If that happened, he said, the bloc would be without a budget for most part of 1988 since it is now operating on a provisional month-to-month basis, and the drive toward a unified single market would fissle out, leading the community into a "long night."

This warning may just be enough to force the EC leaders to give second thought to their positions. Or else, what President Delors warned against may really come to pass, which is something nobody wants no matter how hard they try to defend their own particular national interests.

Kant Kurape

Polish Firm Offers Food Processing Technology OWONO101 Beijing XINHUA in English 1445 GMT 7 Feb 88

[Text] Beijing, February 7 (XINHUA)—A Polish company is introducing its technology in starch, modified starch and potato processing to Chinese counterparts here this week.

Over 300 Chinese experts and managers from 29 provinces and municipalities are attending lectures by experts from Poland's Polimes-Cekop, Ltd and negotiating with the Poles over cooperative projects.

So far, China has more than 300 starch processing factories. But most of them are backward in technology and equipment.

The Polimex-Cekop, Ltd., one of the largest of its kind in Poland, engages in the import and export of technology and equipment in food processing, building construction, chemical industry, and environmental protection.

It began to cooperate with China in the 1950's and has, since 1984, cooperated with the country in producing candies, edible oils [words indistinct] have gone into production.

The Polish company's regional manager March Felbur said that [words indistinct] the cooperation in such fields as building industry, chemical industry, and sewage disposal.

Poland Signs Trade Accord With Hellongliang SK090300 Harbin Hellongliang Provincial Service in Mandarin 1000 GMT 8 Feb 88

[Test] On the afternoon of 8 Pebruary a ceremony in which the Polish People's Republic and Heilongjiang Province signed the 1988 barier trade agreement was held at the Huayuanchun Questhouse in Harbin City. (Kewaraki), commercial attache of the Polish Embassy in

China, and (Gao Yongwen), general manager of the Heilongjiang Foreign Trade General Company, signed their names to the agreement.

Since 1985 the province has had barter trade with the Polish People's Republic. By the end of 1987 the total accumulated volume of imports and exports between Poland and the province reached 27 million Swiss francs and there were more than 20 different varieties of exchanged commodities. The province's total export volume covered by the 1988 agreement reaches 40 million Swiss francs. Commodities provided by the province for Poland include light and textile industry products and knitwears and those provided by Poland for the province include household electric appliances, pianoes, chemical fibers, and carpets.

Du Xianzhong, vice governor of the province, attended the ceremony.

Latin America & Caribbean

Trade With Uruguay Expected To Increase HK 100010 Beijing CHINA DAILY in English 10 Feb 88 p. 2

(By staff reporter Chen Weihua)

[Text] Trade will boom between the People's Republic of China and the Oriental Republic of Uruguay [name of country as published] thanks to last Wednesday's establishment of diplomatic relations between the two countries.

A more favourable customs tariff will make Uruguayan exports more competitive and trade volume will soar, said Zhong Jingping, a deputy division chief in charge of trade with Uruguay from the Ministry of Foreign Economic Relations and Trade.

China, which has suffered a deficit in trade with Uruguay, hopes to expand its exports there, he said. Last year, China's imports stood at about \$55 million while exports were far less than that, said Zhong's colleague, Wang Jingying.

China's imports mainly include wool and leather, and exports are textile and light industry products such as toys, stationery, alarm clocks, cashmere sweaters and handicrafts, Wang said.

She said she hoped to see more export commodities developed, trade commodities diversified and trade balanced by increased exports rather than reduced imports.

Last Wednesday, trade and economic and technological cooperation agreements between the two countries were also concluded. China and Uruguay have had trade

relations since 1956 but volume was small before 1983. In the past five years, trade volume has greatly increased; it rose from \$22 million in 1983 to \$56 million in 1986. Zhong said.

China will soon send a trade delegation to Uruguay to explore the market and the possibilities for further co-operation, Wang said. But because diplomatic ties had not been established, the two countries only exchanged a few delegations resulting in a lack of mutual understanding, Wang said. In the past, trade was mainly dealt with via foreign businessmen, including some from Argentina, he said.

Uruguay has a liberal foreign trade policy. Most products can be imported freely since Uruguay has a vast range of imports including machinery equipment and industrial products.

Uruguay, with a population of about 3 million, has an economy which is largely dependent on its animal husbandry. Meat and livestock products account for 80 percent of its exports. Last year, its total domestic production value increased by 4 percent over 1986.

Uruguay is a country with rich resources of uranium, copper, manganese, iron, agate and quartz.

Textile Delegation Leaves for Guyana
OW101120 Beijing XINHUA in English 0849 GMT
10 Feb 88

[Text] Beijing, February 10 (XINHUA)—A Chinese Government delegation led by Wu Wenying, minister of the textile industry, left here for Guyana today.

At the invitation of the Guyana Government, the delegation will attend the inauguration ceremony for the project of retooling the Guyana Sonata textile mill, a roject built with Chinese assistance.

Oil Tanker for Chile Launched
OW081634 Beijing XINHUA in English 1551 GMT
8 Feb 88

[Text] Shanghai, February 8 (XINHUA)—An oil tanker commissioned by Chile was launched here today.

The oil tanker was the first ship China has ever built for a Latin American country

The 224-meter-long "Cabo de Horns" tanker, named after a Chilean city, has a height capacity of 62,200 tons. Equipped with an unmanned engine room and satellite navigation and communication systems, the ship is up to the world advanced standards.

The tanker has been built by the Shanghai Hudong Shipyard for the Chilean Sonap Petroleum Ocean Shipping Company.

Workers in the shipyard finished the construction within just a few months after the contract was signed last June in Chile.

The Sonap Company has signed another contract with the Hudong shipyard for a 62,200 dwt oil tanker.

Rui Xingwen Said To Be Propaganda Chief HK100726 Hong Kong HONGKONG STANDARD in English 10 Feb 88 p 6

[By Chan Wai-fong]

[Text] Mr Rui Xingwen, a member of the Secretariat of the Chinese Communist Party and the party's leading group on ideology and propaganda, seems certain to head the party's propaganda department.

He will replace Mr Wang Renzhi who was made propaganda chief in the wake of the crack-down on bourgeois liberalism early last year.

Speculation about the move has been rife since his promotion to the party's top echelon at the 13th party congress in October.

His keynote address at the yearly gathering of China's literation [organization] Monday in Beijing has served to strengthen this speculation.

At the gathering, hosted by the Chinese Writers' Association and the China Federation of Literary and Art Circles and attended by about 1,000 people, Mr Rui introduced the party's policies on art and culture.

Also present were Mr Hu Qili, member of the Standing Committee of the Politburo and party Secretariat; Mr Wang Renzhi; and Mr Qian Liren, director of the official PEOPLE'S DAILY.

Mr Hu heads the party's leading group on ideology and propaganda, of which Mr Rui is a member.

The literary and cultural circles are the most sensitive and important fronts of China's ideological and propaganda work.

The party's propaganda department has overseen and monitored developments and operations in this area in past decades.

With the appointment of Mr Zhao Ziyang as the new party chief, a more liberal and reformist line has been adopted.

Before his promotion last year, Mr Wang was deputy editor-in-chief of the conservative party organ, the RED FLAG, which reportedly will be closed in the near future.

Mr Wang is considered to be a hardliner and ideologue. His replacement has been the subject of speculation since late last year.

Magazine Says Transport Accidents 'Deliberate' HK100900 Hong Kong AFP in English 0840 GMT 10 Feb 88

[Text] Hong Kong, Feb 10 (AFP)—Chinese officials have received anonymous letters about a series of transport accidents in January and warning of more, a Chinawatching magazine said here Wednesday.

Chinese authorities including the State Council had received 12 anonymous letters up to January 25 threatening more disasters, said the DONG XIANG monthly, a sister publication of Hong-Kong based China news magazine CHENG MING.

One of the letters signed "Warrior" read: "The Black January of 1988 is our big present for the central government and the new Premier (Li Peng).

"We believe such accidents would continue until the barriers for establishing 'a real China' are removed," the magazine said. It did not elaborate.

The report said that the Chinese authorities believed that two railway accidents in January were the result of "deliberate destructive activities."

The official NEW CHINA NEWS AGENCY had reported that sabotage was believed to have caused a railway accident on January 17 in northern Heilongjiang which killed 17 people and injured 73.

A leak of inflammable paint was blamed for a fire on a Guangzhou-Xian train on January 7 which killed 34 people.

A total of 108 people were killed on January 18 when a Chinese domestic passenger plane crashed near western Chongqing city.

Party Softens Approach to Intellectuals, Artists HK100725 Hong Kong HONGKONG STANDARD in English 10 Feb 88 p 6

[By Chan Wai-fong]

[Text] Chinese leadership has adopted a more relaxed and liberal approach towards intellectuals and artists the most important and sensitive elements in its ideological and propaganda work.

The decision has been signalled to artists and writers by a senior party official in a speech calculated to reassure intellectuals who have been the targets of political campaigns in past decades.

The message would also appear to be a confidence booster for the general public, whose faith in the Communist Party has been severely shaken by such upheavals.

The assurance appears to have been underscored by the prominent seating at a function this week in the Great Hall of the People in Beijing of two victims of recent upheavals.

Both had been purged and severely criticised by the party last year during the nationwide crackdown on "bourgeois liberal" ideas.

Journalist and writer Liu Binyan and playwright Wu Zuguang were seated among the top people at Monday's Lunar New Year celebration organised by the Chinese Writers' Association and the China Federation of Literary and Art Circles.

Liu had been expelled from the party in January last year for "propagating decadent" views while Wu was forced to resign from the party last August for a similar reason.

But both have continued to command immense respect from the public at home and overseas, while the party has been discredited further by these purges.

During last year's conservative backlash, at least five renowned intellectuals were either expelled or forced to leave the party. Some of them have even been denied normal employment.

Observers say the reappearance in public and VIP treatment accorded the two disgraced intellectuals at such an important function is highly significant.

They say it is an assurance to the public that the campaign is definitely over and life is normal again.

Addressing the 1,000 guests at the function, Mr Rui Xingwen, a member of the party Secretariat, stressed that interference by the party leadership should be kept to a minimum.

Mr Rui is the deputy leader of the party's key group on propaganda and ideological work.

Mr Hu Qili, a member of the Standing Committee of the Politburo and the party Secretariat, is understood to head the team.

Debates and controversies in literary circles should not be raised to the level of politics while direct interference and control by administrative fiat should be avoided so far as literary and cultural works were concerned, Mr Rui said. Even when control had to be imposed, should be done through government and judicial departments within the appropriate legislation, he added.

"The Communist Party's leadership over literary and art work should just focus on major issues such as orientation of the work and its guiding principles," he was quoted as saying by the official XINHUA News Agency. "Interference should be avoided if a piece of literary or art work does not oppose the party's leadership and socialist road, or does not sabotage the state power, nor the country's constitution and laws, or does not spread pornography."

Mr Rui's address was carried by some Chinese newspapers yesterday.

He echoed Mao Zedong's slogans of "letting a hundred flowers bloom" and "letting a hundred schools of thought contend" and said those policies were correct and should be raised to an even higher level.

In a front-page commentary, the official GUANGMING DAILY said yesterday Mr Rui's speech heralded a more stable atmosphere. It added that political campaigns in the past had either been "totally wrong or failed to attain the intended results".

The paper urged the ruling Communist Party to learn from these experiences.

It said China had the "long-existing problem of too much interference, too many orders and too specific controls."

"Whenever supervision is too specific, it fails," the newspaper said, pointing to party supervision over art and literature in socialist countries.

It advised leaders to give advice and guidance but let writers and artists work out specific problems in their works and let readers and audiences judge the results.

"It is necessary to struggle against erroneous political ideas, but we should not elevate the matters of artistic creation and literary theory to the level of politics," the editorial said.

The commentator suggested that creative exploration and pursuits should be protected just as the nation's experiments with economic reform are protected.

Mr Hu said last month China's new relative prosperity, brought about by market-style reforms begun in 1978, would not have been possible without "emancipation of the mind".

Commentator Discusses Role of Intellectuals H'. 100401 Beijing GUANGMING RIBAO in Chinese 20 Jan 88 p 1

[Commentator's article: "Intellectuals Should Strengthen Their 'Sense of Participation' in Reform"]

[Text] Reform is developing both extensively and intensively following the 13th CPC Congress. Our new tasks of reform involve to a greater extent people's immediate interests and will thus exert stronger psychological effects on them. People demand reform. In return, reform requires both highly aroused public interest and

more active participation by thousands of people. To strengthen their "sense of participation" in reform is the great call of the times on intellectuals.

The "sense of participation" here refers to a very strong sense of undertaking the mission and of responsibility which must be developed among intellectuals. Intellectuals must regard themselves as the key part of reform and closely link their prospects to the destiny of reform. They should actively devote themselves to reform and, by making use of their professional knowledge, suggest ways and means for further developing it.

A characteristic of intellectuals is that they possess knowledge and talent. They are therefore favorable to the undertaking of reform. With their professional knowledge and relatively high status, they are able to tackle in a relatively sober-minded and objective manner issues about reform and are able to pinpoint the crux of problems through their multi-orientation thinking, which links views of various sectors together. It is hard to imagine the results of reform and opening up without the participation of intellectuals. In China, a large number of learned scholars and qualified personnel have been participating in its reforms. Gong Zizhen said, "The rule of a dynasty is always undertaken by qualified scholars of the times." Kang Youwei said, "An abrupt change is often dealt with by very resourceful scholars." Sun Yat-sen pointed out, "I deeply believe that it is not powerful warships and cannon that have made European countries become strong. Instead, it is because qualified personnel are given a chance to play their proper roles." Indeed, great minds always think alike, as these outstanding people of contemporary China felt keenly the importance of qualified personnel in China's reform. If intellectuals who are equipped with professional knowledge and skills apply their rich knowledge to the practice of reform, the result would be just like the atom split, developing a highly active response. In fact, there has been a large number of intellectuals having the "sense of participation" working in some colleges and universities and scientific and research institutes. Proceeding from the needs of reform, they have been actively working. have reformed the teaching techniques by tackling special issues, and have achieved gratifying results by proposing directly to the leading organs their reform plans or thinking. For instance, in an interview with our reporter, Professor Lei Hengshun of Chongqing University, engineering thermophysics expert, proposed a great plan of comprehensively developing southwestern China in "energy development—resources development—commodity and foreign trading." Workers undertaking social sciences in Jiangsu Province linked their work to the practice of reform and opening up and proposed over 1,000 new tasks for scientific research that would help the leadership make their decisions.

Some intellectuals may worry that excessive participation in reform would adversely affect their professional research. Proceeding from practical work, this kind of worry can be dispelled. Man accumulates knowledge through practice. Reform and opening up are the most worthwhile practice of the times. Instead of affecting their professional research, participation in reform by intellectuals will only enrich their knowledge, enable them to get a deeper understanding about society, and promote the development of professional research. Xie Baisan, lecturer of the Management College in Fudan University, integrated his work with the practice of reform and opening up and started running a course called "Economic Policies of Contemporary China and the Relevant Theory." It was so popular among university students and undergraduates that it became a "course in great demand." He held that "the scholastic teaching in many universities, which is critically isolated from reality, has already fallen behind the development pace of reform." His success in the course shows that participation in reform by intellectuals will not only promote social benefits but also open up a new dimension for showing their talents.

In order to strengthen their "sense of participation" in reform, the intellectuals must also get a clear idea about their importance of reform. It is incorrect to think that reform is a matter of interest among leaders and entrepreneurs and that intellectuals simply respond to their calls. In the wake of an in-depth development of reform, the importance of modernization of management, as well as that of the expansion of lateral economic links, are stressed. This work must be undertaken by "versa-tile" people who have more scientific knowledge. Therefore, by strengthening the "sense of participation" in reform by intellectuals, we mean the use of professional knowledge by intellectuals to play a part in the decisionmaking process of leadership to promote the progress of reform. We also mean the practice of assuming government office, as well as theh direct leadership of reform, by intellectuals who have both ability and political integrity and who possess professional skills. This requires them to bravely and completely make a clear break with the traditional concept that only the practice of pursuing knowledge is considered a "noble" act, which had been long-standing thinking in ancient China.

Now is the right time for intellectuals to contribute their efforts to the country. Over a long time in the past, China had been a society marked by highly centralized political power. In contemporary China, when people were pursuing actual power, opinions of scholars were regarded as a decorative "democratic" sign that was not indispensible. Many intellectuals who had plans to develop China into a powerful and rich country suffered setbacks though they repeatedly tried to "participate in politics." They found no way to realize their goals, although they were enthusiastic. What a pity it was for the intellectuals. At present, the party has full confidence in intellectuals and has made great efforts to create favorable and better living and working conditions for them. As intellectuals directly benefit from reform and opening up, they must act as a direct participant and supporter of reform. The destiny of reform and opening up is closely linked to the

future of intellectuals. The call of the times on intellectuals is to participate in and promote reform; this is also the interest of intellectuals.

The leadership must also create conditions for strengthening the "sense of participation" in reform by intellectuals. They must dispel their worries and conventional practices and must boldly recruit intellectuals who possess professional knowledge, have talent, and are enthusiastic about reform. They must develop various channels to let intellectuals keep abreast of the actual situation of reform. When making decisions on major issues and formulating policies, they must voluntarily solicit opinions from relevant experts and conduct discussions on feasibility. After their suggestions are put into practice and have yielded good results, they should promptly commend them.

Commentary on Political Structural Reform HK100541 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 4, 25 Jan 88 p 8

[Commentary by LIAOWANG reporter: "China Takes a New Step Forward in Reforming Its Political Structure"]

[Text] The fundamental way out for China's reform of the economic structure lies in its reform of the political structure and the key to reforming the political structure is the separation of party and government. Information from different localities of the country and the relevant central departments shows that through energetic preparations and practice, China has achieved some preliminary experience in the difficult problem of separating party and government, and some cities have also taken major steps in the reform of the political structure. This has created favorable conditions for a steady development of China's reform of the political structure.

Reform of the political structure involves many aspects such as separating party and government, reforming government organs, and reforming the cadre personnel system. However, what counts most is the separation of the functions of the party and the government. It can be said that if we cannot take a step forward in separating party from government, we are in no position to reform the political structure.

Harbin and Shenyang, two cities of strategic importance in northeast China, have achieved a great deal in their experiment of separating the functions of the party and the government. Harbin started to separate the party and government functions in 1985. At present the work of separating these functions at the city, district, and subdistrict levels in the city has been accomplished and the work at the county and enterprise levels is still under way. In Shenyang, the work started in 1984 first by introducing the system of factory director's responsibility in a number of enterprises. The two cities have been among the first in the country to take a step forward in separating the functions of the party from those of the government.

The previous political structure of making no distinction between party and government and substituting the party for the administration should be reformed without delay. This has been proved by the practice of the economic structural reform in the past 9 years and is being understood by people of different social strata in China as time goes by. However, reform is never plain sailing. The previous political structure formed over a long period cannot be changed overnight, particularly when this structure is deep-rooted in people's minds and reform of the structure will involve the immediate interests of many people. In the process of testing the separation of the functions of the party from those of the government, reformers have confronted many problems. For example, after the functions of the party are separated from those of government, when party committees lose their power over personnel affairs, material demand, and financial affairs, does this mean party leadership is weakened? After some departments of party committees are streamlined, how will personnel engaged in political work be properly arranged? The key to the separation of the party and government functions lies in successfully solving these problems.

From the practice of reform in Harbin and Shenyang, we can see that such problems have been basically solved.

In changing the functions of the party, party committees at various levels in Harbin first freed themselves from exercising power over administration and from being executive bodies. As a result, they now have more time to do what they ought to be doing —exercising leader-ship in the ideological and political fields, strengthening party building, and conducting thoroughgoing and painstaking work among the masses. The work in these three fields should have been done by party committees, but in recent years they concentrated their efforts on cultivat-ing "other's land" but "neglected their own land." They did not do what they ought to have done and could not do well what they should not have done. Now party committees at different levels in Harbin are no longer executive bodies, the functions of government departments have become clearer, the party and the govern-ment have resumed their own functions, and higher efficiency and better results have been achieved. Li Genshen, secretary of the Harbin City CPC Party Committee, said: In doing this, party leadership is not weakened but strengthened. After making a comparison between the previous structures and the reformed ones. most people in both Harbin and Shenyang agree with Li Genshen.

Separating the functions of the party from those of the government will reduce the party's work load. The relevant organs must be streamlined and a certain number of personnel engaged in political work in different departments of party committees must change their profession. This is a difficult problem and also vexes some personnel engaged in political work. However, the

problem has been basically solved in Harbin and Shenyang. If personnel engaged in political work have professional knowledge, it is not difficult for them to change professions. But if they do not have professional knowledge or have neglected their professional knowledge, and if they are green hands in enterprise management, then it will be hard for them to change their occupation. What Harbin and Shenyang have done about this is: Those who are qualified for other trades are encouraged to select what they can do or those jobs at which they will quickly become competent. Those unable to cope with the new jobs assigned to them are given immediate professional training to familiarize them with their new jobs. Those who are qualified to continue to work in party organs are encouraged to keep their minds on their work and to study more to meet the needs of party work during the new historical period.

The successes scored by Harbin znd Shenyang in the separation of party and government have evoked nation-wide repercussions. Party and government leaders of many cities have rushed to the two cities to learn from their experience. This has brought about a heat wave of reform to the two cold cities in the north of our country.

Since the factory director responsibility system was introduced on a trial basis in May 1984 in an effort to change the previous leadership system by which party committees exercised direct control of enterprises, this responsibility system has been set up in most state-run enterprises throughout the country. At the same time, reform of government organs is also under way. After 16 medium-sized cities achieved initial successes in restructuring their government organs on a trial basis, on New Year's day Acting Premier Li Peng announced a plan for restructuring the organs of the State Council this year. The restructuring of the central government organs will certainly give an impetus to the restructuring of the organs of local governments. Meanwhile, the departments concerned have revealed that reform of the cadre personnel system is developing vigorously and speedily across the country. The different forms of the managerial responsibility system which were all the rage for a time, including inviting public bidding and contracting enterprises have created a favorable competitive environment for a number of promising young people to fully display their talents. The establishment of a public service system is also in preparation. A plan for the institution of a system of assessing public servants has been worked out and will soon be implemented on a trial basis throughout the country.

Commentator on Emancipating Mind in Reform HK100454 Beijing GUANGMING RIBAO in Chinese 22 Jan 88 p 1

[Commentator's article: "Further Emancipate Our Minds"]

[Text] To further emancipate our minds is a focal point we must emphasize when we study and implement the spirit of the 13th CPC Congress. The theme of the congress was to accelerate and promote in-depth development of our reform. The contents of the report of the congress mainly expounded on issues about reform, such as the theory of the initial stage of socialism, as well as the basic line and guiding principles of the party in the initial stage of socialism. However, emancipation of our minds is closely linked with in-depth development of reform. The intellectuals and cadres must thoroughly grasp the study of the report of the congress. In order to do well in promoting in an in-depth way and accelerating our reform, they must further emancipate their minds, continue to act resourcefully, and make headway in reform.

A host of facts has shown that reform must proceed from reality. The reality we are facing at present is the situation of contemporary China. The theory of the initial stage of socialism profoundly and precisely expounds and sums up the nature of China's society, the basic situation, the basic meaning, and the major contradictions of China at present. It is the most scientific perception of China's situation. Therefore, a series of lines, principles, and policies formulated by the party based on the theory of the initial stage of socialism have shown the great plan and clear direction of construction socialism marked with Chinese characteristics. In analyzing this, it is another leap forward following the "theory on new democratism"; it is also a leap forward in the scientific development of socialist theory. It is therefore of great importance concerning the emancipation of our minds. Through our study of this theory, not only will it help us thoroughly understand our setbacks suffered and mistakes made over the past 30-odd years in our construction of socialism, but it will also help us develop a firm faith in acting in the correct direction chosen after the 3d Plenary Session of the 11th CPC Central Committee. It will also help us make decisions by proceeding from the needs of social productive force, take the Chinese actual conditions into consideration, further emancipate our minds, do away with outdated concepts, dispel various kinds of worries, and make progress for the construction of socialism marked with Chinese characteristics.

In order to reform, we must, on the basis of practice, constantly change our outdated concepts. The theory, basic lines, and guiding principles on the initial stage of socialism formulated by the congress are the results of making bold innovations and breakthrough points in the economic, political, social, and cultural domain, as well as in such areas as philosophy, political economics, and scientific socialism. New concepts are established by getting rid of outdated ones. This process involves the emancipation of our minds. The preparation of documents of the congress has played an exemplary role in making bold innovations and breakthrough points. We must also act in this manner when studying and implementing the spirit of the congress. In our study, only when we are able to think independently, have broadened our vision, and probe in a bold way can we be able to eliminate conventions, undertake risks, and become qualified reformers and bold in our reform.

No matter in what domain or at what level, reform must be carried out by relying on the masses. We must mobilize the initiative, enthusiasm, and creativeness of various sectors. The congress formulated careful plans about reform of the political system. In the near future, we must stress reform of the leadership to make its work correspond to the objective reality of reform and opening up, to better reflect the needs of the people, to pool more comprehensively the wisdom of the masses, to help improve and vitalize the efficiency of the leadership, and to help mobilize the initiative of various sectors. Specifically, the mobilization of initiative is manifested in the creativeness of cadres, their sense of responsibility, their active work, and their ability to envision and solve problems. They should express their views, criticize the weak points, and be able to monitor the work of the leadership. The key to achieving this also rests with the emancipation of our minds. Whether our minds are emancipated and to what level they are determine the level of response among cadres, the masses, and various sectors. If we act in an overcautious manner, are afraid of being labeled or of saying something wrong, are afraid of offending others, or are afraid of being dismissed from office, our minds must be further emancipated. This will undermine the work of giving play to their creativeness, and people will become "gentlemen" who are too cautious in their action and achieve nothing, thereby preventing us from making progress. Emancipation of the mind is of particular importance to intellectuals. Only thus can they have the positive mood to act boldly in their academic research and theoretical probing, to give their advice to the leadership without reserve, and to act as a think tank by suggesting ways and means, thereby contributing to the undertaking of reform. The convening of the 13th CPC Congress created a good political environment and general conditions for emancipating our minds. The masses, the intellectuals in particular, have been very active. There has been a widespread call that theoretical innovations must be made, journalism must be reformed, and the art and literature circles must be brisk. Furthermore, there have been many new changes. It is therefore the opportune moment for emancipating our minds amidst this gratifying development.

Comrade Deng Xiaoping recently said: The 13th CPC Congress was a rally about emancipation. To further emancipate the mind of the party and the people means further emancipation of the productive force. It can be said that the emancipation of our mind is the essence of the spirit of the 13th CPC Congress, as well as the focal point of studying the documents of the congress. We made considerable achievements in the recent study of these documents about 2 months ago. If we further emphasize the focal point, further emancipate our minds, and closely integrate our practical work with our thinking in our further study of the spirit of the congress, we shall be able to tackle new problems, eliminate outdated concepts, give play to our initiative, and propose new suggestions. We shall then achieve concrete results. By acting in this spirit, it is hoped that each unit and department will, in its study of the spirit of the 13th

CPC Congress, earnestly solve several major issues that obstruct it from making progress and will remove obstacles in reforming, opening up, and invigoration. We must guard against formalism and strive to make our study produce practical results.

RENMIN RIBAO on Theoretical Development HK100613 Beijing RENMIN RIBAO in Chinese 25 Jan 88 p 5

[Article by Yuan Zhiming (6678 1807 2494): "On Conditions for the Development of Theories"—passages in boldface as published]

[Text] In his report delivered at the 13th party congress, Comrade Zhao Ziyang pointed out: "In the contemporary era it is generally recognized that Marxism needs further extensive development." "At present, however, the study of Marxist theories in the party lags far behind the progress of our great undertaking. Reform and the open policy have been pursued for several years, but little has been done to study them theoretically or to explain them to the general public." True, there are many causes for the rather poor conditions in theoretical research, but I think the most important one is that we have never created conditions for the development of theory. The development of theory can only be stagnant when the objective conditions for its development do not exist. The precondition for the development of theory must be the development of practice, which is most fundamental. Also, the development of theory calls for other conditions, including those required of theoretical researchers. I should like to make the following points.

First, a sense of breakthrough. Development is simply the process of negation in dialectics as well as the sublation of development itself. The development of theory is the inheritance, substantiation, revision and sublation of the old contents, and also the exploration, creation, and establishment of new contents. This calls for a series of breakthroughs: Breaking free from the boundaries of the original theory, eliminating through selection some doctrines which are quite familiar to us but out of joint with the new realities, and setting up principles that seem to be rather strange and even emerge in entirely new forms of theory. We might as well put an equals sign between development and breakthrough. Without breakthrough there would be no development. In reality, however, the mere use of new explanations or the application to new categories will often lead to misunderstanding and censures by some people, not to speak of proposing new principles and new approaches. To their minds, development is confined to substantiation, readjustment and revision within the realm of old contents themselves. How can there be any new development to speak of with such set minds? True, it is difficult to make any breakthrough, but it is the very difficulties involved that make invaluable the sense of breakthrough and even attempts at it. Today, few will

refute the development of Marxism, but there are many who only talk of development, but will never allow, will not or dare not think of any breakthrough in Marxism.

Second, a contemporary stand. For the development and breakthrough of Marxism, we should not engross ourselves in Marxism itself. We should get out of its grip if need be. But where to? We should plunge deep into practice, into the realities of a modern society which is advancing by quantum leaps. We should not assess and judge realities in an oversimplified way by the criteria of a theory founded more than a century ago, but deliberate the existing theory to create a new one based on realities. The party has formulated a series of new principles and policies proceeding from realities and promoted the process of reform and opening up to the world since the 3d Plenary Session of the 11th CPC Central Committee. Reviewing some fields in theoretical research, we find that they have not been so truth-seeking as their counterparts in the field of policy research, confining themselves to books. There is little alteration in the contents of textbooks on philosophy, economics, and scientific socialism; some people in academic and ideological circles can be very discreet and scrupulous in their speeches. All this is in sharp contrast with the bold and truth-seeking practice in policy research. I believe that this is an important cause leading to the stark fact that theory lags behind practice. Therefore, theory must face the contemporary world, including contemporary theory and practice if it is to develop and to make any breakthrough. Just as it is in policy research on which the present spiritual conditions as well as the material conditions must be based, the crucial point in the development of theory is to stand firm on one's heels in the soil of the times, and to complete the shift of one's position. Otherwise, development can only be lip service. Of course the shift of one's position is, in a certain sense, a self-remolding. Such self-remolding calls not only for courage, but also a broader vision from a higher plane and a receptive mind as well as a profound and precise grasp of the essentials of contemporary politics, science, economics and various ideological trends. This is the sacred mission entrusted to theoretical workers by the times. How true is the axiom "theory is gray, while the tree of life is evergreen." However, we must learn through our own bitter experiences the following fact: If a theory is made sacred, everlasting and evergreen, life can only turn gray.

Third, a healthy environment. The development of theory under way at present will not be completed, as in the tackling of technological problems, by organizing one or two short-term theoretical bodies as a task force, nor is it within reach of any individual theoretican. The development of theory should be the independent exploration of many theoretical workers, the airing of diversified views of the entire ideological circles, a situation in which a hundred schools of thought contend, the surging of the ideological trends of the times, as well as an emancipation of the national spirit. Hence, the development of theory is inseparable from a healthy social,

political, and cultural environment. Such an environment will not only allow independent, free, and bold exploration, but will also protect, encourage, and promote such exploration. Some people may worry: Will this lead to a melee? I do not think so. So long as the policy is correct, theoretical contention will not impede policy stability, nor will activism in thinking injure political unanitaity. On the contrary, such activism will only be favorable to political unanimity, because contention will clear away the fog on the issue, and unify thinking. China's political situation has become increasingly stable, the atmosphere has become increasingly harmonious, and a continuously improving environment has been created since the 3d Plenary Session of the 11th CPC Central Committee, especially since the 13th party congress. In conclusion, the development of theory calls for a healthy social, political and cultural environment as well as the freedom for research and writing. Free exploration is the key to the development of theory. We should give this key to our theoretical workers.

Article Views Westernization's Historical Role HK090946 Beijing GUANGMING RIBAO in Chinese 20 Jan 88 p 3

[Article by Wu Yannan (0702 7159 0589): "Advocates of Westernization' and the 'Westernization Movement' Never Existed in History"]

[Text] In writings on modern Chinese history or in university and high school textbooks, there are always discussions on "advocates of Westernization" and "the Westernization movement." Did they ever exist in history? The author of this article wants to conduct a cursory historical survey with the purpose of arriving at a negative answer to this question.

1

The term "Western affairs [yang wu]" refers to anything that is related to Western capitalism and covers many things. At first, such affairs were known as alien affairs [yi wu—1138 0523]. In modern Chinese history, many people were involved in Western affairs. They included people from all classes, all social strata, and all parts of the country. The people involved were not confined to a very small number of members of the Qing ruling class.

Everyone knows that during the Opium War of 1840, Emperor Dao Guang and his ministers, including Lin Zexu, leader of those who favored resistance, were already involved in a series of activities related to Westernization. He once said: "My humble opinion is that we invite defeat if we do not build ships, guns, and a navy in trying to repulse the barbarians." ("Correspondence of Lin Zexu," Fujian People's Publishing House, 1982 edition, p 197) Later, Wei Yuan summed up the experiences gained in these activities and advocated the idea of "learning from the strong points of the barbarians with the purpose of subduing them." Playing a pioneering role in learning from the West and in transforming

China in modern Chinese history, Wei Yuan also raid close attention to Western politics, in addition to advising people to learn from Western science and technology. He also showed a certain degree of admiration for the capitalist systems of Switzerland and the United States. One should say that he had a profound and far-reaching influence on modern Chinese history.

We should pay more attention to the peasant heroes of the Taiping Heavenly Kingdom represented by Hong Xiuquan and his brother Hong Rengan, who were the first to respond to the call for efforts to learn from the West and who referred to foreigners as their "foreign brothers." They called for the establishment of friendly relations with Western capitalist countries on the condition that the Chinese nation's independence and sovereignty would be upheld. Hong Xiuquan approved the publication of Hong Rengan's "A New Treatise on Administration," which pointed out the strong points of Western capitalist systems and raised 28 suggestions on learning from Western capitalism with the purpose of "catching up with the barbarians" and making China an independent country in the world.

Within the landlord class, Feng Guifen suggested that the country "let Chinese ethics serve as the foundation and use the methods of Western nations as a supplement to attain prosperity and strength." This was later respected as a guiding principle by the bureaucrats and landlords involved in Western affairs. Yi Xin, Zeng Guofan, Zuo Zongtang, Li Hongzhang, Zhang Zhidong, and other bureaucrats introduced capitalist production techniques and founded China's ordnance industry and a few civilian industries, claiming that they were trying to make the country "strong" and "prosperous."

Between the fifties and nineties [century not mentioned, as published], Rong Hong, Wang Tao, Xue Fucheng, Ma Jianzhong, Zheng Guanying, Chen Chi, and Chen Qiu successively raised reform and self-strengthening proposals. After the Sino-Japanese War of 1894-1895, this reform movement rose to a new height. The Reform Movement of 1898, which was led by Kang Youwei and Liang Qichao, was the zenith of reform trends. They called for changes in China's social system and the replacement of the feudal system by the capitalist system. Their demands had no precedents in Chinese history. Afterward, the revolutionary movement led by Dr Sun Yat-sen, who called for a revolution and the establishment of a republic, gradually picked up momentum. The reform movements and the call for a revolution and the establishment of a republic were developed from Wei Yuan's idea of "learning from the strong points of the barbarians with the purpose of subduing them" under the historical conditions at that time. Loudly appealing to the public, Chen Tianhua, a revolutionary propagandist, said: "It must be kept in mind that in order to resist the foreigners, it is first necessary to learn from their strong points.... The more bitterly we hate them, the greater the need to learn from them; the more we learn from them, the greater will be our ability to

subdue them. We will never be able to subdue them if we do not learn from them." ("Collected Works of Chen Tianhua," Hunan People's Publishing House, 1958 edition, p 76) Thus, it can be seen that "learning from the strong points of the barbarians with the purpose of subduing them" and Westernization were sustained activities for an 80-year period in modern Chinese history, and they were not confined to a particular class or social stratum.

II

It can be seen from historical facts that although Yi Xin, Zeng Guofan, Zuo Zongtang, Li Hongzhang, Zhang Zhidong, and others founded China's modern ordnance industry and a few civilian industries, they never claimed to be advocates of Westernization. Nor did they consider themselves a group. The expression "advocates of Westernization" was a laurel given to them by historians several decades later. We all know that a faction or a group must have some political views that guide the activities of its members. These people did not share a common program, nor did they form any alliances. They were relatively enlightened as far as "barbarian affairs" were concerned. Their contemporaries said in their comments: "At present, few are more adept at barbarian affairs than Li, Guo, Shen, and Ding." (Zhu Kemin: "Mingan's [2544 1658] Two Journals," Vol 1, quoted from "A New Modern History of Modern China," Vol 2, p 34) One is indeed surprised to learn that they considered Li Hongzhang, Guo Songtao, Shen Baozhen, and Ding Richang as "barbarian affairs" experts. As a matter of fact, Zuo Zongtang, Zhang Zhidong, and their like were just lightweights in the eyes of some. On the political scene in the late Qing period, Zeng Guofan, Li Hongzhang, Zhang Zhidong, and others did not form a group. Actually, each of them had his own sphere of influence and his own group. Since Zeng Guofan and The Zongtang were both from Hunan metals called Zuo Zongtang were both from Hunan, people called them Hunan warlords. However, they held very different views on foreign relations. Zeng Guofan favored a policy of appearement, suggesting that "we should sacrifice a little for the sake of unity and our friendship with our neighbors." During the Taiping Revolution, he was committed to playing up to foreign officers, telling Li Hongzhang to "let them claim credit after victories and rush to their aid when they are on the brink of a rout" and "to try to please foreigners." ("Collected Works of Zeng Guofan, the Learned and Upright Duke: Letters," No 18, "A Reply to Viceroy Li Shaoquan [i.e., Li Hongzhang") When he was dealing with the aftermath of the Tianjin Massacre in 1870, in order to "please foreigners," he assured the French envoy in advance that he would execute a certain number of people. Many were indicted on false charges and many innocent people were indiscriminately executed. He was the first to suppress the Chinese people's patriotic anti-imperialist movements by means of severe punishment. In contrast with Zeng Guofan, Zuo Zongtang was a patriotic general. He urged the recovery of Xinjiang, thus rendering immortal

services to the Chinese nation. Among late-Qing statesmen, Li Hongzhang played the most prominent role in Western affairs. He suggested that China should "make reace with the barbarians" externally and "carry out reforms" internally. Although his reforms merely meant reforming the military system, reforming the examination system, the abolition of the eight-part essays, and some other trivial changes but did not abolish the feudal system, one cannot deny that he outdid other feudal bureaucrats by raising reform proposals, and this is precisely what distinguished him from them. However, Li Hongzhang's principle of "making peace with the barbarians" meant appeasement. One can say he was the worst capitulationist among the late Qing warlords. By "trying his best to please foreigners," he succeeded Zeng Guofan and developed his thinking. Although Zhang Zhidong, who was enthusiastic about Westernization, did not accomplish much, he favored resistance in dealing with capitalist aggression. After the outbreak of the Sino-French War, he resolutely appointed an experienced patriotic general named Feng Zicai, who subsequently distinguished himself in protecting the country's southern frontier by routing the French Army. Thus, it can be seen that the bureaucrats and warlords involved in Westernization in the late-Qing period had different political views and had formed different groups. Therefore, if we group them together and refer to them as "advocates of Westernization," we have departed from historical facts.

Some comrades think that we can describe things more easily by dividing the statesmen in the late-Qing ruling class into two groups. History is itself very complicated. Marxism teaches us to make a concrete analysis of concrete problems and to seek truth from facts. If one mechanically copies from the methods used in foreign historical writings and divides historical characters into groups without good justification, one will oversimplify complicated historical issues. Thus, I suggest that we leave history as it is and forget the expression "advocates of Westernization."

Ш

In a preceding paragraph, I said that people from various classes and social strata and with differing convictions were involved in the drive to learn from the West and to "learn from the strong points of the barbarians with the purpose of subduing them." This drive featured industrial production at one time, but was centered on political reforms at another. However, one should acknowledge that the drive went on for more than 80 years in modern Chinese history, it was not launched by a particular class, and, to be more specific, it was not dominated by late-Qing bureaucrats and warlords.

So far, no evidence has been found in the vast ocean of historical materials to confirm that the Qing government ever called for a "Westernization movement" or that the bureaucrats involved in the establishment of the country's modern ordnance industry and civilian industries ever suggested that they were involved in a "movement." The so-called "Westernization movement" simply never existed in modern Chinese history.

In some people's opinion, a "movement" means a purposeful and organized large-scale activity. In a preceding paragraph, I said that the late-Qing bureaucrats and warlords involved in Westernization did not share identical objectives, that no one was put in charge of the Westernization movement, and that there was no overall planning. To be more precise: In the 1840's and 1850's, some bureaucrats and warlords were involved in the historical trend of learning from the West. However, they never started or organized a "Westernization movement" with the intention of changing China's status quo at the time.

IV

People's understanding continues to develop. Many historians have spent a great deal of time studying the substance and purpose of the Westernization efforts made by Zeng, Zuo, Li, and other late-Qing bureaucrats. Their purpose in using such expressions as "advocates of Westernization" and "the Westernization movement" is to help people concentrate their energy on in-depth analyses of their activities. Thanks to in-depth research, we have arrived at the understanding that learning from the West was a historical trend in modern China and an activity that involved more than a few people. Under the historical circumstances in the late-Qing period, some members of the ruling class participated in the activity mainly to uphold the crisis-ridden feudal rule. However, all those who have made contributions to the Chinese nation should be commended. I think that denying that the "advocates of Westernization" and "Westernization movements" ever existed in history does not imply that the fruits of the research conducted by some historians on various topics should be rejected (actually, the fruits of their research and their contributions should be fully recognized). Still less does it imply that we should have a negative opinion of those historical characters who contributed to Westernization.

PLA To Use Bidding in Weapon Development OW100109 Beijing XINHUA in English 0904 GMT 9 Feb 88

[Text] Beijing, February 9 (XINNUA)—China's People's Liberation Army (PLA) will start using a contract system this year for the development and production of military equipment and supplies.

According to an officer from the PLA's General Staff Headquarters' Military Equipment Department, a bidding system will be tried out in new weapons development, and will be introduced on a wider scale nationwide over the next 2 years.

"We've decided to switch to a competitive structure in the development and ordering of weapons to encourage more new weapon development," he said, adding the PLA used to order and develop weapons under administrative management, which hampered weapon development.

Since 1985, the PLA has successfully tried out the contract system in the research and manufacture of 16 military projects. One contract project was China's first missile escort vessel, which received excellent quality ratings and was delivered in half the usual time.

Hu Qili Links Science Education, Socialism OW082159 Beijing XINHUA in English 1252 GMT 8 Feb 88

[Text] Beijing, February 8 (XINHUA)—Party leader Hu Qili urged the China Association for Science and Technology to play a greater role in boosting socialist culture and ideology in addition to encouraging the spread of scientific knowledge.

Hu, who is a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, made the remark during the third session of the association's third national committee meeting, held here over the weekend.

He said science and culture can't be separated from each other. "We must continuously give full attention to the question of how to raise the scientific and cultural level of the whole nation in order to overcome backwardness and ignorance," he added.

Hu said that in recent years, the science association has done a great deal of work in developing education and promoting the country's socialist construction and culture and ideology.

In fostering the socialist ideology and culture, the science association should help scientific workers understand and improve their ethic and professional work standards, and offer education to the whole society, including enterprises, schools, urban and rural people.

He stressed that the science association must play its part in training and educating youngsters in patriotism,, and use scientific knowledge to foster their Marxist world outlook, and the spirit of building the country through thrift and hard work.

Ideological education imbued with scientific knowledge is readily understood and accepted by youngsters, Hu added.

The science association's national societies now boast a membership of over two million, and its popular science groups have a total of four million.

Hu Qili said the association is an important force in building a socialist ideology and culture and urged it to devote itself to this end.

Tian Jiyun, Others at Trade Group Reception OW090016 Beijing XINHUA Domestic Service in Chinese 1309 GMT 5 Feb 88

[Text] Beijing, 5 Feb (XINHUA)—The China Council for Promotion of International Trade held a spring reception today at the Great Hall of the People for representatives in Beijing of foreign economic and trade organizations and enterprises as well as foreign envoys and commercial officials stationed in China.

Jia Shi, chairman of the China Council for Promotion of International Trade, thanked the international friends for their friendly cooperation during the past year. He said: With the deepening of our reform and open efforts and the development of our country's export-oriented economy, China will bravely enter the world economic arena. To meet this new situation, the China Council for Promotion of International Trade will, in the new year, deepen its reform, gear up its services, and make new efforts to put China on the road of the great international circulation [xun huan 1789 3883) in developing the economy and further developing China's economic and trade relations with other countries in the world.

Tian Jiyun, Bo Yibo, Zhang Jingfu, Rong Yiren, and other leading comrades attended the reception.

Bo Yibo Attends Celebration for Spring Festival OW091548 Beijing XINHUA in English 1530 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—About 11,000 retired cadres and children gathered here today at the Children's Center to celebrate the coming Spring Festival.

Vice-chairman of the Central Advisory Commission of the Communist Party Bo Yibo and Vice-Chairman of the Chinese People's Political Consultative Conference Kang Keqing joined the celebrations and met orphans and their "mothers" from the China Association for the SOS Children's Village in Tianjin.

President of the People's Republic of China Li Xiannian, in a letter read out at the gathering, wished the oldsters good health and the children a wholesome development.

Old friends of China Hans Muller and Israel Epstein also were on hand at the celebration.

Activities included stage performances, and calligraphy and painting exhibitions, medical advisory services, and an old people's dance party.

The celebration, with the theme of respect for the old and love for the young, was organized by the China National Committee on Aging, the Children's Center and other related units.

Wang Binguian at Construction Bank Meeting OW091459 Beijing XINHUA Domestic Service in Chinese 1429 GMT 6 Feb 88

[Text] Beijing, 6 Feb (XINHUA) — At the National Construction Bank working conference which ended today, Wang Bingqian, state councillor and minister of finance, said: The State Council has decided that all capital construction projects undertaken by localities and departments across the nation with their own funds this year will have to buy bonds for key enterprises before they can be approved and arranged. Localities which did not meet last year's bond quotas for key construction projects will have their fixed assets investment loans reduced this year. Current projects to build or renovate and refurnish existing office buildings, auditoriums, and hotels should be reassessed; those launched without approval must be suspended, without exception.

Wang said: The central task of this year's economic work is to further stabilize the economy, deepen reform, and promote the campaign to increase production, economize, increase revenue, and reduce expenditure. On this basis, finance departments and construction banks at all levels should work with related departments to rigorously control the scale of capital construction, implement the policy of "three guarantees and three restrictions," — guarantee construction of projects included in state plans, productive projects, and key state projects while restricting pro, cts that are outside the plan, non-productive, and not crucial. This is necessary not only to stabilize the economy and curb the scale of investment, but also to increase returns on investments. He emphasized that we must control extrabudgetary investment so it will not exceed the plan's limits. Banks must not provide loans to new construction projects outside the plan; projects which when completed cannot be assured of sufficient energy and raw materials for operation; or self-financed construction projects included in the plan.

On the subject of raising returns on investment, Wang Bingqian said: Many localities, departments, and units have been rushing to start new projects, grumbling about a shortage of funds, and asking for money everywhere; yet, returns on some of the projects are not very good. Morever, extravagance and waste involving the rampant construction of office buildings, auditoriums, and hotels and the loss of funds through mismanagement and poor production practices are also very common. This indicates that there is enormous potential to improve economic results. From now on, before a project is adopted, feasibility studies and appraisals should first be conducted to assess the project thoroughly. After a project is adopted, it is necessary to supervise construction, strictly help the constructing firm budget, shorten the construction period, and reduce construction costs. Upon project

completion, it should be inspected carefully before it is accepted. The construction bank did a great deal of work and made great contributions in this regard last year, saving the state nearly 5 billion yuan on investments.

Wang Bingqian said: At present, the state is making loans rather than appropriating funds for 6,680 state-level projects; the total balance of the loans is 44 billion yuan. Of these, 2,477 projects involving 23.7 billion yuan, or 54% of the total, have not signed loan contracts or repayment contracts. It is imperative to reassess these projects and sign loan and repayment contracts. From now on, whenever the construction bank grants a loan, it must sign a loan contract with the construction unit in strict accordance with economic law.

Wang Bingqian stressed: The State Council has decided to adopt a capital construction funding system this year, which is important in deepening economic structural reform. The construction bank should earnestly carry out this task.

Fang Yi Places New Demands on Technology OW090002 Beijing XINHUA Domestic Service in Chinese 1213 GMT 5 Feb 88

[By reporter Zhuo Peirong]

[Text] Beijing, 5 Feb (XINHUA)—State Councillor Fang Yi today placed new demands on the work of China's science and technology mass organizations, asking science and technology associations at all levels to further unite all scientists and technicians to work for economic construction and social development. These associations, he said, should represent and safeguard the interests of science and technology workers, take an active part in consultations and dialogue in society, and contribute to building socialist democratic politics.

Addressing the third plenary meeting of the third national committee of the China Science and Technology Association, Fang Yi pointed out: The 13th National Party Congress made the major policy decision of attaching prime importance to the development of science and technology and stepping up efforts to build socialist democratic politics. This has put a still higher demand on socialist mass organizations of science and technology in our country. As a national mass organization of workers of natural science and technology, the China Science and Technology Association has a glorious and important historical mission in promoting the advance of science and technology and in building democratic politics.

On how to give full play to the role of socialist mass organizations of science and technology, Fang Yi stressed: Science and technology mass organizations must do well in reforming themselves. They must persist in running their organizations democratically and take the initiative to do their work independently and energetically in accordance with their own characteristics.

They must make every effort to beef up their self-developing and self-regulating mechanisms and enhance their capacity to serve the needs of modernization. In addition, they must strengthen ties among their members and the broad masses of science and technology workers; emphasize their work at the grassroots; and overcome "bureaucratic" airs and the tendency to become administrative institutions. They must also make a success of their various undertakings in the service of society so as to win the trust of society.

Meanwhile, Fang Yi stressed: Our society should understand and support the work of science and technology mass organizations and think highly of the role they are playing. These organizations make up a major social force promoting China's advance in science and technology. We should be concerned about and support their work and give full play to their role as a link in forging ties with scientific and technical workers and as an assistant in developing the work of science and technology, an important development in the party's mass line in the new period.

Song Jian Speaks on Environmental Protection OW091350 Beijing XINHUA Domestic Service in Chinese 0818 GMT 8 Feb 88

[By reporter Wang Yanrong]

[Text] Beijing, 8 Feb (XINHUA)—Addressing the national conference of directors of environmental protection departments and bureaus, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, pointed out today that from now on the state will strengthen the establishment, supervision, and management of environmental protection agencies and that people will be encouraged to heed and support environmental protection.

On behalf of Li Peng, acting premier and chairman of the State Environmental Protection Committee, Song Jian heard a briefing at the conference and had discussions with the attendees. Acknowledging the successes achieved in protecting the environment over the past several years, Song Jian said: That environmental protection has become a basic national policy and a project carried out gradually in a scientific approach can be attributed to a whole series of proper policies drawn up by the state and local authorities. Despite China's fast economic growth, rapid improvement of people's material and cultural lives, and multiple increases in industrial output value in recent years, the discharge of major pollutants not only remains basically constant, but has even been brought under control. This is a spectacular achievement.

On future environmental protection projects, Song Jian pointed out: Environmental protection will still be a highly complex and formidable task in China, a vast and populous country. All localities should intensify environmental protection in a way that applies to their situation.

To improve environmental protection leadership and strengthen environmental protection agencies' supervisory role, additional environmental protection agencies should be established in newly developed districts and cities, as well as in areas where township enterprises are developing quickly. Governments at all levels should continue to improve relevant laws and policies. Environmental protection agencies should consider law enforcement their principal responsibility and strengthen their supervision over law enforcement.

Song Jian also stressed that scientific and technical research in environmental protection should be intensified and popularized so the public will realize the importance and urgency of environmental protection. He added that a reward system will be established to reward those who have distinguished themselves in environmental protection research and in popularizing scientific knowledge.

Rui Xingwen, member of the Secretariat of the CPC Central Committee and Ye Rutang, minister of Urban and Rural Environmental Protection, attended today's discussion.

La Dong Addresses Quality Control Association HK100156 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 7 Feb 88

[Text] Lu Dong, minister in charge of the State Economic Commission, yesterday [7 February] afternoon addressed the annual meeting of the Quality Control Association of China, which concluded in the provincial capital. He noted: We mainly depend on the internal motivational force of enterprises for improving product quality and developing the variety of new designs. Without solving problems in the internal motivational force, our enterprises simply will not have the enthusiasm for improving product quality and the development of a variety of new designs.

How are we to adve problems in promoting and arousing the internal motivational force of enterprises? Lu Dong expounded on this question in four aspects.

First, we must improve and perfect the management mechanism of our enterprises, and enable our enterprises to truly give first priority to variety and product quality while confronting the motivational force, pressure, and restrictions created by competition in the domestic and foreign markets. Trade competition in the international market is in fact competition among different product qualities. Over the previous years, some of our enterprises have shown a lack of strategic foresight, have been at a standstill, and have even incurred losses and collapsed. This was due to their failure to attach importance to product quality.

Second, we must strengthen quality control from top to bottom. Only by so doing can we enhance the quality of our enterprises and upgrade our products. Third, we must center on improving product quality; arouse and mobilize the enthusiasm and creativity of our operators, technical personnel, workers, and particularly veteran workers; and strengthen their consciousness of improving product quality. We must encourage and reward those who have contributed to improving product quality. We must encourage exceptional contributions to improving product quality by giving exceptional awards. We must encourage and educate our people to conscientiously improve product quality.

Fourth, in the macro field, leading cadres at all levels must have a clear guiding ideology and try to transform the focus on speed and returns into a focus on intensive management and returns. It is wrong to sacrifice product quality for speed. Through advanced technology and advanced management methods, we must turn our retensive management of enterprises into intensive management of enterprises.

During the annual meeting of the Quality Control Association of China, the association appointed Lu Dong as its honorary chairman and presented state awards for quality control to 17 star enterprises. Of the 47 papers that have won the association's awards for outstanding papers, one was written by (Chen Zhihui), vice chairman of the Shanxi Provincial Economic Commission and an engineer in the province. (Chen)'s award-winning paper is entitled "Quality and Distribution."

Quality Control Work Emphasized OW091702 Beijing XINHUA in English GMT 9 Feb 88

[Text] Taiyuan, February 9 (XINHUA)—Quality control systems have been implemented in 5,600 enterprises in China.

Twenty-six regions and provinces in China have now set up special bodies to boost quality in production, an official from the State Economic Commission said at a national meeting here on quality control management.

There are also 530,000 registered product quality inspection groups throughout the country.

Around 2.1 million workers have attended classes on quality control.

To date, 3,400 products have won the state "quality product" certificates.

Worker Productivity Increases in 1987 OW 100537 Beijing XINHUA in English 0653 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—China achieved best results in labor performance for many years in 1987, reported today's "CHINA DAILY", the English newspaper.

The total output value of state-owned independently-audited industrial firms topped 664.2 billion yuan (about 179 billion U.S. dollars) last year, an increase of 11 percent over 1986, the paper said.

Full staff labor productivity amounted to 16,889 yuan per-employed last year, 7.6 percent higher than the previous year and well above the 2.5 percent increase shown in 1986 over 1935, according to the Statistics Bureau.

The bureau attributed more than 70 percent of the 66.1 billion yuan in increased output value last year to the improvement in productivity. Only 29 percent of the growth in cutput value was due to the increase in the number of workers, the bureau said.

A report in "ECONOMIC DAILY" said that by the end of January this year, 80 percent of China's large and medium-sized enterprises has adopted various forms of the contract responsibility system.

The most obvious benefit of the new system to industrial managemen has been the development of productivity across the country, the report said.

The Statistics Bureau said that one-fifth of China's provinces and cities achieved local productivity topping 20,000 yuan per worker, and productivity in the city of Shanghai climbed to 33,108 yuan.

The growth rate of productivity in heavy industry was faster than that for light industry, mainly because the former had a higher production increase last year, the bureau said.

The full staff productivity for heavy industry rose by 8.7 percent over 1986 while the figure was 5.8 percent for light industry.

Last year, industrial departments of coal, metallurgy, chemistry, textiles, and light industries witnessed a steady increase in productivity, while paper-making and washing powder producing industries suffered reductions in efficiency due to shortages of raw materials, the bureau said.

10 Provinces' January Output Up Over 30 Percent OW/092342 Beijing XINHUA in English 1237 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—Ten of China's 30 provinces, municipalities and autonomous regions logged increases of over 30 percent in January's industrial production figures.

According to data just released by the State Statistics Bureau, of these provinces, Guangdong came in first with industrial output value at 6.41 billion yuan (about 1.7 billion U.S. dollars), or 45.3 percent more than

January, last year. Guangdong was followed by Qinghai and Fujian Provinces, the Xinjiang Uygur Autonomous Region, and Shandong, Henan, Jiangxi, Zhejiang and Jiangsu provinces.

In terms of overall output value, east China's Jiangsu Province lead the country at more than 10.6 billion yuan (about 2.86 billion U.S. dollars), while Shanghai took second place with 7.8 billion yuan (about 2.1 billion U.S. dollars), up 12 percent.

Like Shanghai, Beijing and Tianjin, China's other two municipalities directly under the central government, saw industrial output climb more than 12 percent.

Practicing Reform Vital to Draft Enterprise Law OW091235 Beijing XINHUA Domestic Service in Chinese 1421 GMT 5 Feb 88

[By Central People's Broadcasting Station reporter Liu Yuzhang and XINHUA reporter He Ping]

[Excerpt] Beijing, 5 Feb (XINHUA)—In the process of replacing the old economic system with the new, it is hard to draw up a perfect law for state-owned industrial enterprises. All we can do is to try continuously to improve and develop this law by practicing reform. This was the view expressed by economic law experts and entrepreneurs attending a forum today to discuss the draft enterprise law.

The forum was jointly sponsored by the Economic Legislation Research Center of the State Council, the China Economic Law Research Society, JINGJI RIBAO, the Economic Department of RENMIN RIBAO, and some other news media. Gu Ming, director of the Economic Legislation Research Center and president of the China Economic Law Research Society, was the first speaker at the forum. He reviewed the efforts made over the past 9 years in deliberating and drafting the enterprise law.

At the forum, opinions were expressed freely by the participating comrades, including those from the business and economic communities, those concerned with economic laws, and those from press circles and from the departments concerned. In their speeches, they held that the newly revised draft enterprise law is a scientific summation of the practical experience gained in reforming the enterprise management system and that it is a new breakthrough in the theory and practice of urban economic restructuring. In addition, they offered various opinions and suggestions from their respective viewpoints for further revision of this draft law.

According to Sun Shangqing, deputy director general of the Economic and Technological Development Research Center [organization name as received], the enterprise law inevitably has a dual nature based on both the old and new economic systems, and the vagueness of some articles is unavoidable. The enterprise law can only state some principles, otherwise it would be difficult to ensure the stability of this law. But Yin Shijun, deputy director of the Changchun No I Automobile Plant, held a different view: The provisions in the present draft enterprise law are merely principles in nature. They are far from specific. Thus, the enterprise law may easily become a nominal one, with the old rules and regulations continuing to prevail; that is, it would be hard to ensure the implementation of this law. Yin Guanghua of the State Commission for Restructuring the Economic System said that the enterprise law should fully manifest and consolidate the results of reform and stimulate the progress of reform. It is imperative, he said, to properly deal with the relationship between the gradually advancing nature of reform and the stability of law. Therefore, we should make the new law compatible with the existing laws and regulations and, at the same time, boldly break through the confines of those old laws and regulations that do not meet the needs of the development of reform.

With the separation of the ownership and managerial power of state-owned enterprises, how will the state exercise macromanagement of state-owned property? Gao Chunde of the State Planning Commission expressed the view that there should be explicit and specific provisions as to how the state manages its property. In this connection, he said, a managerial system for state-owned assets at all levels from the top down should be established so as to standardize the state-enterprise relationship. [passage omitted]

Entrepreneurs Support Country's Enterprise Law OW082148 Beijing XINHUA in English 1513 GMT 8 Feb 88

[Text] Beijing, February 8 (XINHUA)—Entrepreneurs from Beijing's biggest firms are calling for the speedy ratification of China's first enterprise law so they will have a sound legal structure under which to work.

Directors, managers, Communist Party secretaries, and trade union leaders from the capital's ten largest enterprises were the first to speak at today's opening session of a seminar organized to discuss the draft, which was publicized early last month in a bid to assess national opinion.

During the five-day seminar, which is jointly sponsored by the Commission of Legislative Affairs of the Standing Committee of the National People's Congress, the State Economic Commission, and the State Commission for Economic Restructuring, participants from smaller enterprises, state and local government departments, and legal and economic circles will also take the floor.

"Since the draft was publicized last month," said Yuan Baohua, vice-minister of the State Economic Commission, "the law has sparked active discussions in many circles, including the international community."

Enterprise leaders who spoke at today's meeting agreed, the draft has been worked into a sound law after dozens of revisions, and is now ready to be tried out.

According to meeting participants, China's enterprise law will guarantee enterprises as independent commodity producers and operators under the socialist system will clarify the relationship between the government and enterprises, and will spell out enterprise responsibility.

"Without this guarantee, there tends to be too much administr ative interference, which mainly takes the form of political movements," said Wu Xiegang, manager of the Beijing Yanshan General Petrochemical Company.

"The new enterprise law will provide a stage on which directors and managers can show off their ability," Wu added.

At the meeting, some entrepreneurs said the law focuses too much on enterprises responsibility and not enough on the role of the government.

Others said the law should pay more attention to the role of the technicians and workers in the directors' decision-making process.

While others suggested the law stipulate what rights an enterprise has in direct negotiations, cooperation and exchange with overseas firms.

Trade union representatives said the law doesn't clearly define the rights and interests of workers, and the role they should play in enterprise management.

Meeting participants also hope the State Council will take steps to be sure the law is properly enforced after it goes into effect.

Corporations of an Enterprise Nature Viewed HK100819 Beijing RENMIN RIBAO in Chinese 29 Jan 88 p 5

[Article by Zi Jiu (1311 0036) and Da Shi (1129 2514):"Corporations Having the Same Nature as an Enterprise are Economic Entities with Competitive Power"]

[Text] The Huanan Sewing Machine Industrial Corporation and the magazine "QIYEJIA [ENTREPRE-NEUR]," run by Wuhan, sponsored a theoretical research symposium in Guangzhou last December. The participants had heated discussions on the separation of the two powers of enterprises and on the operational mechanism of corporations of an enterprise nature.

The participants said that with the separation of the two powers, an ideal organizational form for enterprises to engage in independent market competition is running corporations of an enterprise nature. Corporations of an enterprise nature are production and operational bodies suited to the need for large-scale socialized production and the development of the productive forces. They are economic entities with strong competitiveness. When great efforts are being made to develop the commodity economy, and particularly in the course of the reform experiment of separating ownership from operational rights, improving and perfecting the operational mechanism of corporations of an enterprise nature is very important.

The participants were of the opinion that the organizational form of corporations of an enterprise nature should conform to the four following basic principles:

- 1. The stratification principle. The relationship between corporations of an enterprise nature and the factories affiliated to the corporations is an internal relationship between the higher authorities and the lower levels. The factories are responsible to the corporations and the factory directors to the corporation managers. The concept of two-level legal entities does not apply to this internal relationship because it could turn the orderly structure into a disorderly one and harm enterprises' internal management.
- 2. The system formation principle. The formation and development of corporations of an enterprise nature are inseparable from the coordinated development of their internal departments, which form an organic relationship with each other. Therefore, the development of corporations of an enterprise nature is the development of the corporations' entire system. Thus the formation of the internal structure of the corporations should not be separated from the formation of their systematic organic entities.
- 3. The principle of making the corporations the main body. Corporations of an enterprise nature should make themselves the main body of operation, the main body of investment, and the main body for creating benefits. In this way, they will be able to display their position as economic entities and their functions of accumulation, investment, operation, and management. Otherwise, they will possibly change into administratrive coordinates.
- 4. The principle of running the corporations on a certain scale. Production units in corporations of an enterprise nature should operate on a certain scale before they become factories and exercise the factory establishment system. Production units which are not up to the required scale can only become workshops; they should not be turned into factories just to make up the number or satisfy somebody's needs. Such factories are not equipped with the necessary capacity for production and competition but will only cause imbalance and new contradictions in the distribution of the corporations' internal interests.

Forming a rational encouragement mechanism will be beneficial to improving the corporations' competitiveness. The focus of their internal contradictions is the distribution of interests. These contradictions include the contradiction between the corporations and their factories and the contradiction between the factories which can benefit much from the products they sell directly to the market and the factories which benefit little because their products cannot be sold directly to the market. While putting an end to the practice of "everybody eating from the same big pot" and "egalitarianism," it is also necessary to maintain an overall balance in distribution and to set up an encouragement mechanism beneficial to the corporations' accumulation. This is an urgent problem the corporations should resolve.

Commentator Urges Quickening, Deepening Reform HK100251 Beijing ZHONGGUO JINGJI TIZHI GAIGE in Chinese No 1, 23 Jan 88 pp 6,7

[Commentator's article: "Stabilize the Economy, Deepen the Reforms"]

[Text] The year 1988 has begun. As this is the first year since the convocation of the 13th CPC National Congress, we must seriously implement the central task of speeding up and deepening the reforms put forward by the 13th CPC National Congress. This year is also the Year of Dragon for the Chinese nation. The dragon is the symbol of our Chinese nation. It symbolizes dignity and luck for the Chinese people and it indicates that in the year ahead, a new situation of dragons rising and tigers leaping will emerge in the cause of reform and opening up in our country.

How do we implement the spirit of the 13th CPC National Congress in respect of speeding up and deepening the reforms? We hold that in the year ahead, we must seriously and solidly implement the reform measures which have been repeatedly studied and decided by the CPC Central Committee and State Council. If we can really do so, we will achieve two results: 1) Through stepping up macroeconomic control, we can stabilize the economy, market, and commodity prices and make a solid step forward in this respect; 2) through reform which takes perfecting the enterprise operation mechanism as the key point, we can speed up the separation of the enterprises' proprietary rights from their operation rights, thus scoring great achievements in raising economic results and improving enterprise quality. In this way, China's economic situation will undergo a change and economic development will be even healthier.

The contents of reform of the economic structure this year are rich, constitute quite a big step forward, and cover many aspects. The key points are: To reform the enterprise operation mechanism, to implement, perfect, and develop the system of contracted responsibility for operation, and to further invigorate the enterprises according to the general target of the development of the socialist commodity economy; at the same time, to reform the structures of foreign

trade, investment, finance, materials, and taxation and to step up the control over investment in fixed assets, consumption funds, and commodity prices. In reforming the enterprise operation mechanism, we must begin with the perfection and development of the system of contracted responsibility for the operation of the enterprises. This experience was gained over several years' repeated practice.

Over the past few years, we have taken a circuitous road in implementing the contract system. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has adhered to the principles of seeking truth from facts and of using practice as the only criterion for testing truth, further perfected methods beneficial to the development of the productive forces, and promptly corrected methods which are disadvantageous to the development of the productive forces. Because we have adhered to such a Marxist ideological line, the contract system has been able to strike root in our land. This is seen in the system of contracted responsibilities on the household basis with remuneration linked to output in rural areas and also in the "contract" finding its way into urban areas. Our party seeks interests for the great majority of the people, proceeds from reality in all matters, and has no conventions whatsoever. If practice proves that a person's view is correct and his method good, we will learn from him. The experience of Jilin Province and some enterprises has shown that contracting is an effective method to greatly raise enterprises' economic results. In our country, the formation of the new eco-nomic structure and the raising of enterprises' economic results supplement each other. The enterprises' implementation of the system of contracted responsibility for operation is beneficial to the gradual formation of the structure of the socialist market, to the building of the fundamental frame of the new system of the planned commodity economy, and to the speedy ending of the situation of the coexistence of the new and old systems. When the enterprise operation mechanism is properly handled, the enterprises can not only develop themselves, raise economic results, make products, gain experience, and train qualified personnel but can also improve the state financial and market situations, thus encouraging reform as a whole to advance. The basis on which we implement the contract system is the separation of the proprietary rights from operation rights of the enterprises under ownership by the whole people. We implement the system of contracted responsibility for operation and separate the proprietary rights from operation rights to expand enterprises' decisionmaking power because we want to strengthen enterprises' operation rights but not its property proprietary rights. The operation rights must include the rights to use, possess, and control property. In this way, the enterprises' legal entity status can be guaranteed. Some enterprises currently indulge in short-term behavior, not because they have too much decisionmaking power, but rather, because their operation rights are not exercised. The

more the enterprises' operation rights and decisionmaking power are exercised, the more the enterprises will safeguard public property and show concern for long-term interests. Of course, as owner of the enterprises under ownership by the whole people, the state must set up certain organs to administer the assets of the enterprises and to obtain profits but such organs should not interfere with the enterprises' operation and activities.

To do a good job in the enterprise system of contracted responsibility for operation, we must introduce the competition mechanism and promote and step up the enterprises' internal management, including strengthening the fundamental work of their internal management, reforming their internal leadership system, and grasping the economic accounting of all their internal links. Inside the enterprises, in conjunction with the system of contracted responsibility for operation, we must further implement the system of factory director's (manager's) responsibility, popularize the experience of Shijiazhuang City first plastics plant in applying the method of full operating load and the experience of some enterprises of Jilin Province in setting up banks inside factories, implement the piece wage system and quota wage system, and really solve the problem of eating out the same big pot and of the iron bowl. Where should we lead the enterprises after the cadres' and the masses' enthusiasm and sense of responsibility have been aroused through contract? This is an important problem which we must seriously consider. We must lead the enterprises to strengthen their management and to promote technological progress. To enhance their competitive ability, the enterprises must strengthen management and apply new technology to improve the quality of their products, to reduce energy consumption, to lower the costs, and to increase variety and specifications and all this cannot be done without improving the technological quality of the workers. Once vitalized, the enterprises must be led to make progress in management and technology.

When we take the road of contract and enable the enterprises to really exercise operation rights, the phenomenon of mutual contract and lease and of buying one another's shares and property will surely be generated. In this way, a change in the organizations and structures of the enterprises and a good combination of the elements of production will emerge and a big change will ensue in a few years. The contract system, lease system, and stock system can coexist and merge but will not exclude one another.

This year, we must make a big step forward in reform of the foreign trade structure. Compared with the old structure in 1978, the structure of our country in all aspects and the situation of eating out the same big pot have now greatly changed but the situation of eating out the same big state pot in the foreign trade structure has so far basically remained unchanged. There are many malpractices in the matter of foreign trade, such as the poor quality of products, late delivery of goods, goods different from specifications, and serious waste, and they

are the results of eating out the same big pot. To reform the structure of foreign trade, it is necessary to do four things well: 1) Assume sole responsibility for profits and losses, 2) free operation, 3) combine production and marketing, and 4) implement the agency system. Of these, the most important are assuming sole responsibility for profits and losses as well as freeing operation and freeing operation presupposes assuming sole responsibility for profits and losses. To solve this problem, in foreign trade, it is necessary to implement the system of responsibility for a task until it is completed at all levels, ranging from the central authorities to the localities. This method is quite feasible. After the implementation of the system of responsibility for a task until it is completed in foreign trade, we can then overcome all malpractices of the original structure, improve the quality of our exported products, and enhance our international competitive ability, with all places exploiting their own strong points and further developing lateral ties so that a new situation can emerge in foreign trade work.

This year, we must also take a new step forward in reform of the pilot projects. We must shift the focal point of the pilot projects to the coastal areas, including Guangdong, Fujian, Jiangsu, and Zhejiang, vigorously promote the development of the export-oriented economy of the Zhu Jiang and Chang Jiang delta areas, and further bring along and promote reform and opening up throughout the country. Provinces, including Guang-dong and Jiangsu, will become experimental zones of reform and opening up and must study whether or not the experience in reform and opening up and some methods of the special economic zones over the past few years can be applied within a province in order to carry out all-round coordinated reform. It is essential to select a certain number of cities to be comprehensive reform experimental cities approved by the State Council and to be cities whose social and economic development plans are listed separately in the state plan, to study and introduce the experience of Guangdong Province and Shenzhen City, to further push forward opening up, and to deepen coordinated reform with perfecting the enterprise operation mechanism and straightening out the property relations as the focal point. According to the national general requirement for reform and under the leadership of their local provincial and autonomous regional governments, some other single item reform and comprehensive reform experimental cities must take whatever measures are suitable to their local conditions to carry out pilot projects. It is imperative to further speed up reform of the urban housing system and at the same time, to closely link reform of the economic structure with reform of the political structure and to structure with reform of the political structure and to continuously do a good job in the pilot projects of reform of the government organs of 16 medium-sized cities.

To further stabilize the economy and to further deepen reform is the general principle of the economic work for 1988. We are convinced that, encouraged by the spirit of the 13th CPC National Congress and under the leadership of the CPC Central Committee and State Council,

in the year ahead, we will make a new step forward in speeding up and deepening all-round reform along the road of building socialism with Chinese characteristics.

XINHUA Reviews Progress of Reform Efforts

Part 9 OW100040 Beijing XINHUA in English 1135 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—Following is the ninth of a series of stories on reforms in question-answer form based on exclusive interviews with Song Tingming, spokesman for the State Commission for Economic Restructuring:

Q: What is the goal of reforms within the political structure?

A: Like that in economic setup, the reforms in the political structure, which are being carried out under the party's leadership and the banner of socialism, aim to establish socialist democracy and develop productivity.

The goal of the reforms in the long-run is to establish a socialist political system with a high level of democracy, efficiency, and vitality, accompanied by a comprehensive set of laws. At present, the reforms are striving to provide efficient leadership, the kind that can bring people's initiative into full play.

Q: What are your aims with the present reforms?

A: The main purposes of the reforms at present are: to separate party and government functions; to transfer more power to lower levels; to reorganize governmental departments; to improve the system of selecting cadres; to set up a system of social consultancy and dialogue; to improve socialist democracy; and to strengthen the legal system.

Q: Do you think that the separation of party and government functions will weaken the party's leader-ship?

A: The reform aims to free the party from routine administration so that it can function better in political leadership, which means leadership in political principles, orientation, and major policies.

Q: Why does China not pursue a governmental system involving "separation of powers"?

A: Many countries in the world pursue the system in which the legislative, administrative, and judicial functions are separated. They have their historical reasons for doing that. The decision as to what political system a country will have must be made by its people in line with its conditions. The system of people's congresses, political consultancy, and multi-party cooperation led by the Communist Party is well in accordance with China's

practical conditions. We cannot afford to put such a system away and copy Western systems instead. But we should improve the socialist democracy and legal system while reforming our political structure.

Q: Is there any contradiction between transferring power to lower levels and democratic centralism?

A: The basic principle for transferring power to lower levels is: Under the condition that implementation of state orders are guaranteed, let things be done at the right level. This measure aims to change the situation in which the party and government hold too much power, while enterprises and grass-roots organizations have too little. It will therefore help bring into play the initiative of local governments, enterprises and the masses, and implement democratic centralism more efficiently.

Q: Does China's introduction of public servants mean it will pursue a Western system of civil officials in the future?

A: In order to wipe out the shortcomings in our personnel system, we have taken stock of our past experience and studied civil service systems adopted by Western countries. The public service system, which was announced at the party's 13th National Congress last fall, encourages competition among government employees and requires that all government employees will be promoted or demoted according to their work. It is an important reform measure in our personnel administration system, but it does not mean that we will blindly follow the systems used in Western countries.

Q: Would you like to comment on the saying that more governmental departments emerged along with the reforms?

A: In the past, we tried to readjust our governmental departments, but the results were unsatisfactory because we failed to change their economic management function.

This time, the readjustment is being done in accordance with the reforms in economic setup and political structure. As a result of the data and understanding we have gained from conducting tests in 16 cities, I believe we will hit our goal.

Q: What problems do the reforming governmental departments try to solve and will they adversly affect economic development?

A: There are three problems the reform in governmental departments tries to solve: indistinguishable responsibilities among the departments; indistinguishable functions

between the party and government that lead to bureaucracy and lower efficiency; and the administrative system that tied up interregional cooperation. The reform in governmental departments will enliven the accialist markets and promote the development of the socialist consumer economy.

Q: The issue of the reforms in governmental departments will be discussed during the Seventh National People's Congress to be held in March. What is the guiding line for the reforms?

A: The guiding lines for reforms in governmental departments are: to change the functions of governmental departments; to transfer power to lower levels; to reorganize and disband some departments; and to cut staff size.

OW 100750 Beijing XINHUA in English 0726 GMT

[Text] Beijing, February 10 (XINHUA)—This is the last of a series of stories on reforms in question-answer form based on exclusive interviews with Song Tingming, spokesman for the State Commission for Economic Restructuring:

Q: What measures will China take to quicken its opening to the outside world?

A: The measures to be taken are as follows: to streamline the foreign trade system, to bring it into line with world markets sparing no efforts to develop export-oriented industries; to offer better investment conditions for foreign companies by enacting more legislation; to develop the plan for opening other areas in the country to outside investment, that is "from special economic zones to coastal cities, then to coastal economic regions and then to inland areas"; to introduce greater preferential policies for Hainan Island and to allow similar economic conditions in several regions in Guangdong, Fujian and Jiangsu Provinces to those in Shenzhen Special Economic Zone, and to introduce trial investment policies in some other cities.

Q: What preferential policies has China pursued to attract foreign investment?

A: Over the past few years, almost 100 laws and regulations relating to business with foreign countries have been passed. On October 11, 1986, the State Council passed a regulation on the encouragement for foreign investment. Since then the Ministry of Foreign Economic Relations and Trade and other ministries have implemented 10 regulations covering, for example, the rights to hire employees, the importation of raw materials and taxation provisions for enterprises with foreign investment.

Q: How many Sino-foreign joint ventures are there in the country and what are their future prospects?

A: By the end of 1987, China had 8,900 joint ventures, jointly-run enterprises and enterprises wholly owned by foreigners. Of these, 4,100 have been put into operation. In 1987 alone, more than 1,200 such enterprises were set up. As the preferential policies for these enterprises continue to be implemented, I believe they have a bright future.

Q: Are enterprises from Taiwan allowed to invest in the mainland?

A: We always hope Taiwan enterprises will invest directly in the mainland.

Q: Are foreign corporations allowed to remit hard currency earned from joint ventures?

A: The relevant regulations do allow foreign corporations to remit profits. If the profits are reinvested, those corporations can enjoy greater preferential treatment.

Q: Will China set up more special economic zones along coastal regions and in the hinterland and what policies will be introduced in Hainan Island?

A: At present, China has four special economic zones in Shenzhen, Zhuhai, Shantou and Xiamen. Whether we are going to set up more such zones along coastal regions and inland depends on the development of the economy.

We plan to allow greater preferential policies in Hainan Island than those in the special economic zones. For example, especially for enterprises wholly owned by foreign companies, the regulations on foreign currency will be more flexible. Concrete measures to implement this plan are currently being worked out.

RENMIN RIBAO on Developing Contract System HK100418 Beijing RENMIN RIBAO in Chinese 26 Jan 88 p 2

[Article by the Microeconomic Research Office of the Chim Institute for Restructuring the Economic System: "Development of the Contract System and Deepening of Enterprise Reform—Study Report on the Enterprise Contract System in Jilin Province (Second and Last Part, Part One appeared in 4 February DAILY REPORT)"—Involved in this study are Comrades Zhang Shaojie, Jiang Sidong, Ji Xiaoming, Yao Gang, Liu Ruizhong, Zhang Bo, Cao Jinbiao, Shang Jiqiang, Liu Xianglong, Zeng Wanyou, Li Lei, Luo Huaping, Wang Yeyu and Xu Erming—passages in boldface as published]

[Text] 3. The contract system is at a crossroads. It faces two entirely different directions for its perfection. The correct direction is to further weaken direct government control to give enterprises more independence and decisionmaking power. To this end, we must direct efforts toward the contract system itself and the market environment and deepen reform on the basis of the contract system.

At present, many problems and contradictions remain in the matter of the contract system. They must be solved in practice. For example, such problems as the rationality of the base contracted for, fair competition by inviting tenders, assumption of risks by the party to a contract, changes in the market environment after a contract is entered into, some irrational behavior on the part of enterprises under contract, and so forth. All these call for further development and perfection of the contract system.

At present, there exist in practice two entirely different directions for the perfection of the contract system. One direction calls for perfecting the system of contracting for targets, in an attempt to specify enterprise tasks in various fields through elaborately defined targets and reward and penalize relevant operators on this basis. This in practice finds expression in "an ever greater trend toward targets," with more and more targets contracted for and more and more inclusive contracts entered into. An enterprise contracts for everything from profits handed over to upper levels and transformation to quality, safety, the development of new products, the supply of funds, the perfect condition of equipment, the upgrading of an enterprise, and so forth. Some enterprises contract for as many as a dozen targets. Some enterprises contract not only for profits but also for costs and expenses, actually turning contracting into a new means of administration. Given more targets, the organ in charge has more to do in regard to supervision and inspection. There is the risk of the operator's decision-making power being again lost. Obviously, this way of perfecting things does not help enterprises become really independent commodity producers.

We believe that a correct direction should call for further weakening direct government control over enterprises and creating conditions for more independent and assertive enterprises through the perfection of the contract system itself and the gradual formation of a market environment.

Here, two fundamental problems are involved:

a) The system of competition through contracting. Experiences of Jilin Province and other regions have shown that the primary problem in perfecting the contract system lies not in the way of contracting but in the system of competition through contracting, including such systems as contract dispensation, assessment and supervision.

The organization of the mechanism for dispensing contracts. The department in charge of certain work may take advantage of the opportunity of being contracted to arrange its own work. This is the reason why there has

been an increase in targets contracted for. Therefore, we must gradually form contract dispensation work coordination organs more detached from concrete management departments. Such organs are to represent the state in organizing contract dispensation work involving various enterprises. The phenomenon of other organs handing down assignments to enterprises should be gradually scaled down and finally eliminated. Thus, enterprises' relations with the state are gradually turned into relations of relatively pure profits, with a gradual weakening in the government role of direct control.

The standardization of assessment organs. To avoid excessive control by the bureau in charge of the assessment committee, there is the need to increase the proportion of experts in society.

These experts should mainly come from among representatives of enterprises that have production, trade, credit and other relations with a given enterprise, representatives of relevant research organs and fine enterprise operators in the the same field. They should not be scholars of ordinary colleges and institutes of higher learning and research organs.

The integration of supervision and assessment. At present, supervision of financial and auditing departments is chiefly supervision over enterprise operator behavior that runs afoul of state rules and regulations. The role of supervision over operations is exercised respectively by a worker congress and the bureau in charge. This practice gives rise to "two aspects"—the conclusion of a contract and its supervision. Meanwhile, this does not help the bureau in charge in changing its role. Therefore, there is the need to turn the assessment committee into an assessment and supervision committee that is responsible for not only the selection of operators but also the supervision of operators. But its members should all be part-time workers who just exercise supervision during the duration of the contract and cannot intervene in enterprise operation and management activities.

b) The determination and readjustment of the base contracted for. One problem with the contract system is the base. The base in turn involves three important matters—the rationality of the base, readjustment based on policy changes and the assumption market-related risks.

Competition with bids invited will enable the base to be on the rational side. But it is still difficult to avoid irrational components of the base. Therefore, an important problem lies not in making the base rational but in avoiding the unfavorable effects of the irrational components of the base. Here, what needs to be studied is how to weaken the direct relationship between workers' income and the base handed over to the higher levels and arouse workers' enthusiasm through wages related to labor productivity, including piecework pay, a wage

percentage based on the sales volume, and so forth. The proportion represented by rewards directly related to the base is to be gradually reduced. This will help in avoiding a swelling in consumption caused by the irrationality of the base. It will also help in giving full play to the stimulating role of wages (and not rewards) as a lever.

Given a situation in which the state still provides enterprises with a portion of materials, energy, and foreign exchange at special list prices, the guarantee of this portion of resources is another problem in handling the matter of the base contracted for. At present, Jilin Province's approach is like this. Price changes and the shortage of electricity are left out of consideration at the time of the execution of a contract. This is because these changes affect all enterprises and not an individual one. Therefore, enterprises call contracts entered into "unequal treaties," because contracts spell out enterprise obligations and not government obligations. We believe that such a practice of Jilin Province is in principle correct. But it seems that there is still the need to consider the situation of "big operators" making use of materials and foreign exchange at special list prices. Due to the current "double-track" system in regard to prices, we may consider laying down "a stipulation for price readjustment" in the contract entered into. This means that the government undertakes to provide enterprises with a given amount of materials or foreign exchange at special list prices. But if what is so supplied by the government is below a specified level, the relevant enterprise may appropriately readjust the base handed over to the higher level on the basis of the difference between the special list price and the market price (or with a readjustment coefficient added). Because this method of readjustment is determined beforehand, it will not affect the restraints of a contract on an enterprise. Instead, it will encourage an enterprise to use more of market resources. This will also not bring obstacles in the future price reform.

A final problem is the effect of the market-related risks on the base contracted for. Due to market changes, an enterprise may suffer a drop in profits in a given year. Failure to realize a given base is inevitable. Given such a situation, the current practice is to "make up the deficit through self efforts." This is a very strict restraint. Therefore, there is the need to create a "buffer" for an enterprise. This makes it possible for it to make a turnaround, instead of being wiped out under the sudden impact of a particular market condition. We may consider setting up "a contract-sourced income regulation fund," with the contract coordination work organ in charge. A small amount of profit (not higher than 5 percent) may be deducted from excess enterprise profits as a source of money for the fund. This is to be used so that a money-losing enterprise can be provided with low-interest or interest-free loans enabling it to tide over a crisis. But this fund is intended to help an enterprise that has prospects and not help its relevant operators. The operators concerned may still be held responsible for their way of operation. Those operators that have

failed to quickly respond to market changes or erred in response should be dismissed and should even have their mortgaged assets expropriated.

Foreign Loans Play Part in Budget Planning OW100900 Beijing XINHUA in English 0219 GMT 10 Feb 88

[Text] Beijing, February 10 (XINHUA)—Loans from foreign countries have played a part in China's domestic budgetary planning, the "CHINA DAILY", a Beijing-based English newspaper, reported today.

The amount of credits committed by foreign governments reached 3.7 billion U.S. dollars last year, an increase of 30 percent over 1986.

China also signed loan agreetments involving 1.4 billion U.S. dollars, 70 percent more than in 1986. About 650 million of the loan agreements have been disbursed, the paper said.

Countries offering loans to China increased from two in 1978 to 18 last year. Most of them are members of the Organization for Economic Cooperation and Development. Japan, Italy, France, Canada and Britain are major lenders, according to the paper.

The loans have been allocated to energy, transport, telecommunications and raw materials industries for infrastructural development. High priority was given to export-oriented enterprises engaged in textile, machine-building, food processing and light industries.

Noted Economist, NPC Member Xn Dixin Dies OW091652 Beijing XINHUA in English 1643 GMT 9 Feb

[Text] Beijing, February 9 (XINHUA)—Xu Dixin, a noted Chinese economist and member of the Standing Committee of the National People's Congress, died of cancer here at 9:20 pm yesterday at the age of 81.

Xu was also vice-chairman of the Central Committee of China Democratic National Construction Association.

Farmers Turn to Technology for Prosperity OW082329 Beijing XINHUA in English 1319 GMT 8 Feb 88

[Text] Hefei, February 8 (XINHUA)—Chinese farmers are turning increasingly to technology on their own initiative to improve their production capacity.

About 70,000 agrice nology research centers—organized and run mers themselves—have been set up around

The centers, with a me ership of 1 million, are filling a void created by a shortage of agricultural technicians who number only about 1 in 10,000 in the field.

An agricultural expert said Chinese farmers have realized that traditional farming knowledge cannot help them get rich so they are trying to solve the problem by themselves.

The experts said centers help farmers exchange experiences in managing use of land, labor forces and technology and in teaching them new techniques.

They also help farmers specialize in production thereby boosting the regional economy, the experts said.

Supreme Court Calls for Crackdown on Crime OW091557 Beijing XINHUA in English 1524 GMT 9 Feb

[Text] Beijing, February 9 (XINHUA)—As the Chinese traditional new year approaches, the biggest festival in the nation's calendar, the Supreme People's Court today called for a crackdown on criminal activities.

In an emergency circular, the Supreme Court required people's courts at various levels and the Military Court of the Chinese People's Liberation Army to carry out resolute struggles against criminal activities.

It said that serious criminal activities such as arson, explosion and damage to public transportation should all be severely punished according to law regardless whether the aftermath is serious or not.

Responsible persons who have caused serious damage to public property and the interests of the state and the people due to the neglect of duty should also be dealt with.

Typical cases should be widely publicized so as to warn criminals and educate the people, the circular said.

In handling these cases, courts at various levels should make judicial proposals to departments concerned whenever safety problems in administration and production are found in order to eradicate potential dangers, it stressed.

Yellow River Opens to Foreign Explorers OW091602 Beijing XINHUA in English 1523 GMT 9 Feb 88

[Text] Xining, February 9 (XINHUA)—The Yellow River, the second-largest river system in China and the fifth in the world, will open to foreign exploration parties [words indistinct] a government official announced today.

Regions to be opened are located on the upper reaches of the river, starting from Gajihchu, the headwaters of the river, via the lakes of Tsaring and Oring, and finally to the city of Lanzhou — a total length of 2,220 km, said Wu Yanyi, deputy manager of the Sports and Travel Service of Oinghai Province.

This section of the river is comparatively safe and there are scattered settlements, in [words indistinct].

The 5,464-kilometer-long Yellow River runs through nine provinces and regions, and has a total drainage area of 752,000 sq km.

Meanwhile, China's largest river, the Yangtze, has already been opened to foreign expeditions since 1986; three foreign expeditions are expected this year, Wu said.

Central-South Region

Current Economic Situation Effects Shenzhen HK091556 Beijing ZHONGGUO XINWEN SHE in Chinese 1259 GMT 25 Jan 88

[Report by Zhan Moujun (6124 6180 0193): "Shenzhen City Both Suffered and Benefited From the Depreciation of the U.S. Dollar and the Plunge in the Stock Market"]

[Text] Shenzhen, 25 Jan (ZHONGGUO XINWEN SHE)—In the current economic situation, two acute problems—the continual depreciation of the U.S. dollar and the plunge of the stock market—are both advantageous and disadvantageous for Shenzhen City. Zhou Wuxi [0719 5294 3305], vice mayor of Shenzhen City, has said that the task of Shenzhen is to fully use the advantageous conditions to bring new economic development to the city.

Forecasting the economic development of Shenzhen in 1988 at a cadre meeting held days ago, Zhou Wuxi analyzed the international economic situation. He said that the depreciation of the U.S. dollar is advantageous to strengthening Shenzhen's export competitiveness. Hong Kong currently receives many export orders from the world. However, since Hong Kong is short of labor, tremendous manufacturing industries are being transferred to Shenzhen, the Zhu Jiang Delta, and inland areas. This trend is still developing. He reminded various enterprises that this is an opportunity for Shenzhen to develop its economy, and they should pay attention to using this advantageous opportunity to open international markets.

Zhou Wuxi said that disadvantagous effects are caused by the fact that the currencies Shenzhen holds are mainly Hong Kong and U.S. dollars. If other currencies (such as the Japanese yen and the French franc) are used in settling trading accounts, and if things are not grasped well, Shenzhen will suffer tremendously from exchange rate fluctuations. Therefore, be asked various enterprises to pay close attention to international exchange rate fluctuations and to adopt measures to avoid losses caused by exchange rate fluctuations.

The plunge of the stock market is also disadvantageous to Shenzhen. Zhou Wuxi pointed out three disadvantages: First, a substantial percentage of the foreign investors are medium and small-sized entrepreneurs. If they lose in the stock market, the fulfillment of their contracts and the input of funds will inevitably be affected. Second, social purchasing power will be affected. Due to the slowdown of economic development in the West, the unemployment rate is increasing and the level of consumption is decreasing. Thus orders for some products will decline. Third, the tourist industry, to a certain extent, will also be affected.

However, Zhou Wuxi felt there are more advantages than disadvantages: After the plunge of the stock market, more funds will again be invested in establishing industries. This will provide an advantageous opportunity for Shenzhen to further use foreign funds. And, new projects invested in by foreign investors will increase. Besides, the products affected by the decrease in consumption levels are high-grade consumption and luxury goods. The general middle- and low-grade consumption goods are less affected. Since Shenzhen is in an advantageous position to produce middle- and low-grade consumption goods, this creates beneficial conditions for Shenzhen to expand exports. Furthermore, due to the fluctuation in the stock market, some foreign medium- and small-sized enterprises will go bankrupt or will be dissolved. This will give Shenzhen an opportunity to purchase advanced and usable second-hand equipment.

Guangxi's Chen Calls at Public Security Bureau HK100119 Nanning Guangxi Regional Service in Mandarin 1030 GMT 6 Feb 88

[Excerpts] On the afternoon of 5 February, Chen Huiguang, secretary of the autonomous regional party committee, made a special trip to the Nanning City Public Security Bureau. He called on representatives of all the public security cadres and policemen, who will be carrying out fighting tasks on the front line of public security during the joyous Spring Festival. Chen Huiguang was accompanied by (Lin Chaoqun), Standing Committee member of the regional party committee and director of the regional Public Security Bureau. [passage omitted]

Chen Huiguang expressed satisfaction with the public security situation in Nanning City and the city's public security work. [passage omitted]

Guangxi Secretary Talks to Teachers, Workers HK100136 Nanning Guangxi Regional Service in Mandarin 1030 GMT 7 Feb 88

[Excerpts] Over the past few days, Chen Huiguang, secretary of the autonomous regional party committee, visited schools and factories; held cordial talks with teachers and workers; gained an intimate understanding of how the teachers and workers study, work, and live; and wished them a happy Spring Festival. [passage omitted]

Chen Huiguang said the following to encourage the vast numbers of educators: From now on, you must continue to conscientiously implement the spirit of the 13th National Party Congress, deepen reform of the educational structure, energetically develop vocational and technical education on the basis of promoting general education, pay attention to promoting primary education, and train students to achieve all-around development. [passage omitted]

Henan's Yang Xizong Views Rural Reform HK010311 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 31 Jan 88

[Part two of news center special feature on investigation of rural northern Henan by provincial party committee Secretary Yang Xizong: "Rural Reform and Development Must be Done in Light of Local Conditions Under Appropriate Guidance;" part one appeared on p 44 of the 1 February 1988 CHINA DAILY REPORT]

[Excerpts] Many comrades reported that the areas north of the Huang He have suffered drought continuously in recent years. This has seriously threatened agricultural development. The masses urgently demand to build water conservancy facilities.

Comrade Yang Xizong said: The drought has given us education by negatuive example. It has enabled the cadres and masses to deepen their understanding of the importance of agricultural capital construction. We must seriously protect the peasant masses' enthusiasm and provide correct guidance for it. This means that, in places where there are sources of water, we must lead the masses to build water conservancy projects in a big way. In places where there are no water sources, or where the building task is very heavy and cannot be undertaken in the short term, we should promote dryland agriculture and vigorously develop agriculture that requires little water. Many experiences in Henan and elsewhere have proved that there are great potentials in dryland agriculture. We must summon up resolve to grasp this well. The mountain areas should vigorously develop forestry and orchard cultivation in conjunction with taming small water courses. They should grow whatever is suited to local conditions and promote developmental production. Certain grassy slopes and river shores can be used for developing animal husbandry and cultivation, according to local conditions.

Some time ago a rumor ran around some villages to the effect that the collective would recover all the contracted fields. As a result, the thinking of a few peasants wavered and they were less enthusiastic to invest in the land. In view of this, Comrade Yang Xizong explicitly announced to the cadres and masses that the contract responsibility system with payment linked to output, based on the household, will be kept unchanged for a long time. This principle is repeatedly made clear by the CPC Central Committee and State Council. Public ownership of land with household operations and socialized services is the main form of long-term management in the rural areas. This form corresponds to the level of our rural productive forces. It is in line with the theory on the initial stage of socialism. If we were to take the old road again, this would only destroy our cause of socialism with Chinese characteristics.

Yang Xizong also seriously investigated the different demands of peasants in different localities regarding the land. A few peasants in urban outskirts and places where secondary and tertiary industries have developed comparatively fast are now not so interested in the land. Certain peasants have no drive to cultivate the land, nor are they willing to lightly abandon it. Certain peasant households who want to transfer their land contracts to others can hardly find anyone to transfer them to. In these places, it is necessary to guide the peasants to concentrate the land in the hands of able cultivators. [passage omitted]

Yang Xizong said: We must clearly tell the masses that land is a major resource in the national economy. If we fail to give full scope to land resources, this will benefit neither the country nor the people. If they lack the strength to undertake their land contracts for the time being, they should be allowed to transfer the land to the collective or to others to manage by contract. In the future, those who wish to undertake contracts can do so from the collective, but people must not arbitrarily leave the land fallow or engage in extensive cultivation.

Yang Xizong emphasized that we simply cannot force through a solution to the problem of the scale of land management at a time when the productive forces have not reached a certain level and the masses have not raised a demand for solving this problem. To do so would wreck agricultural development. And we will similarly hamper the development of production if we fail to provide correct guidance when the productive forces have reached a certain level and the peasants raise a demand for solving the problem of the scale of land management.

Our guideline is, under the premise of keeping stable the household management system for a long time, to gradually develop toward management on a substantial scale. Regarding rural economy and reforms, we must base our work on realities and act in light of local conditions. We must not indiscriminately treat all cases the same way, blow gusts of wind, or impose uniformity. Only thus can we mobilize all positive factiors and ensure the healthy development of the rural economy.

Views Agricultural Output HK060612 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 1 Feb 88

[Part three of news center special feature by provincial party committee Secretary Yang Xizong: "Expand the Outlets for Increasing Production Output, Increase Returns From Cultivated Land"]

[Excerpts] During the investigation, quite a few cadres reported that comparative returns from agriculture have fallen, thus adversely affecting the peasants' enthusiasm for production. According to some people, with the existing fertilizer, oil, and power shortages, it is very difficult to increase agricultural production output.

Other people said: To increase agricultural production output, we must increase the prices of agricultural products, and ensure that the state appropriates funds to aid agriculture.

Comrade Yang Xizong told the people he met with: Leaders at all levels attach great importance to this issue. The state and provincial authorities are currently setting about to resolve this issue. However, it touches upon a wide range of fields. To truly resolve this issue, it is imperative to make great efforts for a number of years. We must emancipate the mind, open up new fields of vision, find new methods, and try in every possible way to increase returns from cultivated land. [passage omitted]

Comrade Yang Xizong said: The two-level rural service organizations are the key organizations for promoting rural services. However, they are not the only forms in this regard. The rural service organizations run by households or jointly run by households have also played a very good role. We must treat and support different types of rural service organizations equally without discrimination. Some prefectures, cities, and counties have established special rural service organizations, thus promoting urban-rural exchange and development. We must gradually establish a multilayer, multilevel, and multiform social service network in our rural areas. Through strengthening social services, we can develop undertakings at an appropriate level, increase returns from the land, promote production on the basis of reducing expenses, and increase per mu yield and returns. [passage omitted]

Fugou County's current multiple crop index has reached 200 percent. If other areas throughout the province reached the same level, this would mean an increase of 40 million mu of sown area in our province. In addition, with the popularization of plastic sheeting and protective cultivation techniques, we can say that our land has great reserve strength for increasing output. Therefore, we must pay special attention to tapping the potential of agriculture, and promote our agricultural expansion through self-reliance. By so doing, we can mobilize the enthusiasm of tens of millions of peasants, and make use of the people's creative power to upgrade our agriculture. At the same time, with reform of the state's macroregulatory methods, the development of industries for supporting agriculture, and the increase in economic input, our agriculture is bound to achieve a still faster and better development.

Discusses Rural Enterprises HK060736 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 2 Feb 88

[Part four of news center special feature by provincial party committee Secretary Yang Xizong: "Henan's Township and Town Enterprises Should Be Promoted and Not Suppressed"]

[Excerpts] In accordance with the state's demand, in 1988 we must continue to implement the guiding principle of increasing production and revenue and curtailing the scope of capital construction and the scope of

credit funds. However, some cadres and people in grassroots areas have failed to achieve a comprehensive
understanding of this demand, saying: Our township and
town enterprises have always been short of funds, electric power, and materials. If our township and town
enterprises are continuously suppressed in this way, it
will become more and more difficult to develop such
enterprises. In addition, comrades from some departments have shown a slack mood in supporting township
and town enterprises.

To assist people in deepening their understanding, Comrade Yang Xizong repeatedly stressed throughout his journey: It is imperative to achieve a comprehensive, correct understanding of the guiding principle of increasing production and revenue and curtailing the scope of capital construction and the scope of credit funds. This guiding principle is aimed at bringing about a more healthy development of our national economy. Henan's township and town enterprises have just begun to develop. Compared with advanced regions, our township and town enterprises still have a long way to go. Township and town enterprises in various parts of our province have also shown uneven development. Therefore, in the light of these conditions in our province, our township and town enterprises should be promoted and not suppressed. [passage omitted]

Comrade Yang Xizong noted: Areas with favorable conditions must do well in actively running rural enterprises. Areas which lack favorable conditions must actively create favorable conditions for setting up rural enterprises. Regarding enterprises under individual ownership and privately owned enterprises, we must protect their legitimate rights and interests. Regarding those people who have shown misgivings and worries about the development of enterprises under individual ownership and privately owned enterprises, we must organize them to study the documents of the 13th National Party Congress, and assist them in achieving a deep understanding of the theory of the initial stage of socialism, with the purpose of eliminating various ideological obstacles. [passage omitted]

Henan's Yang Attends Economic Work Conference HK100257 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 9 Feb 88

[Excerpts] A provincial economic work conference opened in Zhengzhou on 8 February. The main agenda of the meeting is to sum up the province's economic work in 1987, exchange experiences, make arrangements for industrial and communications production in 1988, look into further launching the double increase and double economy drive and deepening enterprise reform and technological progress, and commend advanced enterprises.

A meeting of responsible comrades of units under the provincial authorities was convened by the provincial party committee and government on 8 February. Speaking at this meeting, Governor Cheng Weigao conveyed

the guidelines of a recent conference of provincial governors convened by the State Council and Comrade Zhao Ziyang's important spech. (Zhong Yisheng), director of the provincial planning and economic commission, conveyed Comrade Tian Jiyun's speech on reform of the foreign trade structure, Comrade Yao Yilin's speech on the current economic situation, and acting Premier Li Peng's summation speech at the conference of provincial governors. [passage omitted]

Comrade Yang Xizong delivered a report on urban economic development and reforms. He said that in promoting urban economic development, we rely first on deepening enterprise reforms, and second on technological progress. The focal point in urban economic reforms this year is to get a tight grasp of invigorating enterprises—the cardinal link—and further develop and perfect the contracted management responsibility system.

Hunan's Mao Zhiyong Talks With Workers HK100329 Changsha Hunan Provincial Service in Mandarin 0100 GMT 10 Feb 88

[Excerpts] Comrade Mao Zhiyong attended a dialogue between provincial party and government leaders and model workers that the provincial federation of trade unions convened yesterday. He said that this year is a year of all-round implementation of the 13th National Party Congress spirit. Through studying the congress documents, we should further emancipate our minds and the productive forces, and do even better in our work this year, so as to create a new situation in work in Hunan. [passage omitted]

During the meeting, model workers raised questions on how leaders can provide a better climate for enterprise reforms; on too little profit retention by enterprises and too heavy a tax burden on them; and on how to control the rising prices. [passage omitted]

Comrade Mao Zhiyong said: Just now the model workers raised a number of questions. We will hurry to solve those problems that can be resolved now, and create conditions to solve those that cannot be resolved for the time being.

On this year's work, Mao Zhiyong said: We must lay stress on conducting education in the basic line for the staff and workers. In doing so, we should focus on enhancing the working class' sense of historic role and awareness as the masters of the socialist house and strengthening their sense of urgency in mastering modern science and technology. We should create still higher social labor productivity for perfecting and developing the enterprise operational mechanism.

In economic work, we must thoroughly understand and implement the guideline on further stabilizing the economy and deepening the reforms, to ensure stable and coordinated development of the province's economy.

Southwest Region

Bangen Lama Discusses Cause of Lhasa Riots HK091607 Lhasa Xizang Regional Service in Mandarin 1130 GMT 9 Feb 88

[Text] We now broadcast the second part of the speech by Banqen Erdini Qoigyi Gyaincain, vice chairman of the NPC Standing Committee, to the Sixth Session of the Fourth Xizang Regional People's Congress on 19 January this year. He talked about the causes of the Lhasa riots in two aspects:

As we all know riot incidents occurred in Lhasa several months ago. People hate to see such incidents, which are also unfortunate events. They were caused by many internal and external factors. Of course, we all think and agree the incidents were mainly caused by splittists inside and outside Xizang who colluded with each other. This has been widely discussed by us all and clearly pointed out, so I do not want to talk about this in detail here.

On the other hand, when we review our previous work we may find that such a review is completely necessary. Through the review we can notice two aspects of the situation. On the one hand our work in Xizang has achieved great positive results. This fact is known to all people. On the other hand, over a period of more than 20 years under the guidance of erroneous leftist ideology, we did many wrong things that we should not have done. We should correct these mistakes. We need to cure the wounds created in the minds of many people during this 20 year period. Since the 3d Plenary Session of the 11th CPC Central Committee, under the guidance of the party's correct line the whole country set aright the guideline in all fields. In this regard Xizang also did a great deal of positive work, and made great achievements. However, the influence of leftism in Xizang was particularly deep, the situation in Xizang was more complicated than other areas, and there were greater obstacles to setting aright the guideline. So Xizang advanced more slowly than, or lagged behind other localities in the country, in setting aright the guideline. Some negative things have even occurred in the process of doing this. Because we encountered a complicated situation and major difficulties, we became somewhat hesitant in the handling of some affairs. We even delayed handling some important matters for a long time. This weakened people's confidence. This state of affairs provided an opportunity which the splittists could take advantage of to create trouble. Various errors and loopholes in our work provided the conditions, like dry firewood, for the splittists to feed the flames and stir up trouble and disturbance. Therefore, our future work is to unite as one and make concerted efforts to get rid of such dry firewood. This is a very important point.

Today, I want to make one point clear. After the riots occurred in Lhasa some people thought that it was because we had gone too far in setting aright the work

guideline, redressing wrongs, implementing policies, and correcting errors in our previous work. Because we went too far in implementing the religious policy, the lamas became too arrogant; and because we went too far in implementing the nationality policy, narrow-minded nationality sentiments were abetted. So they held that after the riots occurred we should backtrack to the old practices, stop pursuing the current relaxed policies that we adopted after setting aright the guideline, and adopt some high-handed measures; otherwise, there would be no way to deal with the problems. Although not many people held such a viewpoint, they did not account for a very small proportion of our cadres. We should adopt a prudent attitude toward such a viewpoint idea and approach them seriously. Such a viewpoint and idea may cause greater trouble if they continue to spread. In cause greater trouble if they continue to spread. In Beijing, when central leading comrades and officials in the departments concerned discussed the Xizang situation, Comrade Ngapoi Ngawang Jigme said that the Lhasa riots were not caused by our going too far in relaxing the policies in Xizang or pursuing too relaxed policies there. On the contrary, precisely because the regional party committee, headed by Comrade Wu Jinghua, seriously implemented the established policies and successfully removed some negative factors, the riots were limited to a small sphere in Lhasa. I comple agree with Comrade Ngapoi's viewpoint. The central leading comrades also supported ding comrades also supported and appreciated Com-de Ngapoi's opinion. In the future, our policies toward zang should be more relaxed and better; our religious, Xizang should be more relaxed and better, our ren nationality, united front, and intellectual policies our economic policies for the rural and pastoral areas should all be more relaxed and flexible. We should not change current policies and backtrack to the old practices of the past. If we change our current policies or tighten policies, serious consequences will certainly be caused. We must soberly realize this and pay serious attention to it. Some contrades do not agree with this opinion. I sincerely hope that comrades who hold a opinion. I sincerely nope that common our past expedifferent viewpoint will seriously review our past expedience. rience and seriously set aright their thinking. This is good for their personal lives and their work.

As we all know, social stability and unity, people's peaceful lives and satisfactory work, and the unity between all nationalities, especially between the Han and Zang nationalities, and unity among the people of the Zang nationality, are of great importance to us. All people who uphold justice will make contributions to the maintenance of such unity. They will certainly hope that all people can be united. We will not be able to accomplish anything if we are not united, and we will not be able to advance our work. We all personally felt that the Lhasa riots of some time ago caused tension and unrest in Lhasa. People's fears and nervousness also caused a rise in prices. Take butter as an example. Because the riots occurred, fewer people from the An-duo and Kang areas made pilgrimages to the Lhasa temples, and the price of butter rose for a time from 5-6 yuan a jin to 7-8 yuan. This showed that in the final analysis it was the people in Lhasa who incurred losses and suffered from

the riots. Recently I heard that some lamas feared that fewer people, and especially people from the An-duo and Kang areas, would attend the Buddhist ceremonies, and this would reduce the temples' income from religious donations. Therefore, we must very carefully maintain social stability and unity, the same way as we protect our eyes. In Xizang, nationality unity certainly involves many different nationalities, but the main thing is the unity between the Han and Zang nationalities. This is of great importance to our work and to everything.

The Han and Zang nationalities cannot be separated from one another. Living together harmoniously is beneficial to both nationalities. However, this time when we arrived in Xizang, we found that comrades of the Han nationality were angry, as were comrades of the Zang nationality. This was not good and worried us. It is our hope that all of us will give consideration to our overall and common interests, and become really united.

Internal unity among the Zang people in also of great importance. Without internal unity among the Zang people nothing will be successfully accomplished in Xizang. This would be greatly unfavorable to Xizang. We have learned some profound lessons from our past experience in this regard. As we all know, over a period of several hundred years after Lang Lama, Xizang became stagnant and backward in various fields because Xizang was split. Today, many people in Xizang cherish narrow-minded localist sentiments and remain antagonistic toward each other. They like to comment on unpleasant things about the An-duo people, or the sang-ba people, or the A-bao-hur people, or unpleasant things concerning the people living in the Qianzang or Houzang areas. Are the Kang-ba people, the A-bao-hur people, and the people in the Houzang area not Zang people? I am not a Zang person. The Dalai Lama is not a Zang people are all descendants of the Monkey Saint. Why should we divide ourselves into antagonistic groups according to the areas in which we live? In abort, it is never a good thing to comment on the unpleasant things about each other and find fault with each other by proceeding from localist sentiments. It is hoped that all of us will really pay attention to this problem and correct it.

We must maintain unity, especially the unity between the Han and Zang nationalities and the internal unity among the Zang people, as we cherish our eyes. People attending today's meeting include leading cadres at various levels in various localities, and representatives of various social circles. I sincerely hope that you will play a leading and exemplary role in maintaining unity and will convey my sincere request to your relatives and friends so that all people can really be united.

In coping with the riots in Lhasa, the regional party committee and government, and our cadres and policemen, firmly carried out the central instructions of "holding a resolute attitude and taking prudent and reliable measures" in the struggle to safeguard the motherland's unification and to oppose a split. This good practice

should be affirmed. Precisely because of this, people throughout the country, including those in Xizang, all agreed that our handling of the Lhasa incidents was correct and good and should be affirmed. It was hard to prevent some minor errors in our specific work which caused some complaints among the masses. The main problem was the argument about whether shots were fired during the riots. I made some investigations about this issue. At that time, the central authorities did issue an order prohibiting the police from opening fire. The regional party committee and the regional public security authorities also issued strict orders to prohibit opening fire. However, the masses demanded the release of dozens of lamas from the Sala Temple, who were involved in the riots, and were being detained in the Bajiao Street Police Station. The masses even set fire to the police station. At that critical moment, a number of policemen fired warning shots in the air or in the ground. As a result, some ricochets injured or killed people. Only one person was hit and killed directly by a bullet. The truth in this regard will be explained in detail by the comrades in the department concerned. In addition, people have aired great complaints over the untruthful news reports about the riots. Last year, Comrade Ngapoi and I put forward a proposal to study and spread the Zang language, which was adopted by the regional People's Congress as a resolution. However, no actual results have been achieved in this regard so far. What problem existed in the newspapers then, especially newspapers in the Zang language? According to my understanding the problem was mainly that few reporters were able to talk directly with the masses or write directly in the Zang language. I do not mean that no one can do this, but, very few people are able to do it. Some reporters had incompetent interpreters to carry out the coverage. Becasue of poor interpretation, some 50 or 60 percent of the words were not the original words or exact ideas of the people being interviewed. The reporters then wrote their reports in Chinese according to these inaccurate interpretations. Editors or editors-in-chief revised the reports according to the requirements for such reports. Finally, little of the actual ideas of the interviewed people remained in the reports. After all this, such reports in Chinese were translated into the Zang language according to the Chinese sentence structure and Chinese-style expression. As a result, the words of the interviewees in the Zang language newspaper were completely different from the original. This gave rise to many problems in news reports. Therefore, I think that a major reason for the inaccuracy of the reports was that we lacked reporters capable of writing in, or doing coverage work directly in, the Zang language. It seems that all our cadres, including those engaged in journalistic work, must master the Zang language. This is very important. However, some people told me that the resolution about studying, using, and developing the Zang language, which was adopted when Comrade Ngapoi and I came here last year, had returned with us when we flew to Beijing from Gongga Airport . Now it seems that this issue must be seriously solved.

According to central instructions and principles for pursuing more relaxed policies in Xizang and for handling the Lhasa riots, we recently discussed this on many occasions and in a serious way with the leading comrades of the regional party committee. We decided to release most of the people who were detained during the riots. At the same time, we also decided to further implement the policies toward the three major temples. Today, the regional authorities will immediately solve those problems in Xizang's work that can be solved immediately, and create necessary conditions for solving the problems which cannot be immediately solved. In short, we are ready to quicken the pace of, and advance, our work in Xizang.

Xizang Monastries Become Self-Supporting OW100149 Beijing XINHUA in English 0855 GMT 9 Feb 88

[Text] Lhasa, February 9 (XINHUA)—For the first time in recent history, some Tibetan lamas have drawn living subsidies not from the Government, but from the profits earned by monastery-run businesses.

Earlier this year, 691 lamas at the Zhaxi Lhunbo Lamasery in Xigaze each received 100 yuan (about 30 U.S. dollars) in living subsidies drawn from business profits.

During a recent inspection of Xigaze, the Banqen Lama who is vice chairman of the Standing Committee of the National People's Congress said that the running of businesses by monasteries is a good way to reduce the Government's financial burden in the region and improve lamas' living standards.

The Zhaxi Lhunbo Lamasery launched the Gangjian Development Corporation last May at the suggestion of the Bangen Lama. The corporation runs factories, a truck transport company and several stores.

The corporation currently employs 320 people, and the Zaqia Living Buddha serves as its general manager. It has opened offices in Beijing and neighboring Qinghai Province.

In 1987, the corporation exported 5 million yuan worth of goods, and spent 1 million yuan building pagodas for mourning the deaths of the fifth through the ninth bangens.

It also contributed 150,000 yuan to major monasteries in Lhasa, the capital of Tibet.

Tibet has, to date, renovated 236 monasteries, according to a regional official.

The monasteries continue to run short of money, however, in spite yearly government subsidies, and therefore new efforts such as these to raise their own funds are a hopeful sign.

North Region

Beijing Mayer Meets With Foreign Executives OW091624 Beijing XINHUA in English 1613 GMT 9 Feb 88

[Text] Beijing, February 9 (XINHUA)—Chen Xitong, mayor of Beijing, met a group of excutives from joint ventures in Beijing to discuss the operations of these enterprises here today.

The mayor said that Beijing has opened its doors to foreign investors. He used an analogy and said that the door has opened only some 100 degrees and it will be opened 180 degrees later.

Don St. Pierre, vice-chairman of the board of directors of the Beijing Jeep Co., Ltd, said that the climate for foreign investment in Beijing has improved, but there are still many problems.

The executives, from 15 industrial enterprises in the Chinese capital, discussed the problems the joint ventures have come across in their operations. They include foreign exchange balance, marketing supply of energy and raw materials, and hiring and firing of employees.

Ira R. Hicks, general manager of B. and W. (China) Co. Ltd., complained that although his company has the right to fire the employees it does not need, the company cannot exercise the power because it will have problems in making provisions for the future employment of such people.

The general manager suggested the Beijing municipal government set up a special organization to take care of those people.

Chen Xitong said that the general manager hit the nail on the head by making such a complaint. Chen said the problem has resulted from the old rigid personnel system of life employment and must be solved through reforming the old system.

At today's meeting Don St. Pierre suggested that the city government set up an institution to offer comprehensive service in materials supply and management for the local joint ventures.

The mayor replied that his government is preparing to set up such an institution and he expects the institution to play an active role soon.

Leaders of all the government departments concerned took part in today's discussion and the city mayor asked them to study every problem the executives raised at the meeting and give a reply to every of these problems by the end of this month.

The mayor also offered his help in the housing and schooling of children of the foreign executives.

The executives present expressed their satisfaction with the discussion.

Beijing has signed contracts for a total of 261 joint ventures and the total investment involved in these contracts amounts to 3.45 billion U.S. dollars.

Beijing will use a total of 1.64 billion U.S. dollars of foreign investment according to contracts signed and actually used foreign inevstment was 640 million U.S. dollars, according to an official form the Municipal Commission of Foreign Economic Relations and Trade.

Hebei's Xing Attends Science Awards Conference SK100511 Shijiazhuang HEBEI RIBAO in Chinese 23 Jan 88 p 1

[Text] The provincial conference to present scientific and technological awards was held at the provincial science and technology building on the afternoon of 22 January. At the conference, 294 scientific and technological findings won the 1987 provincial-level scientific and technological progress awards; 15 advanced research centers emerging from reform and 13 directors and secretaries of the advanced research centers won prizes; and 61 works won the first provincial outstanding scientific and technological news awards. Provincial leading comrades, including Xing Chongzhi, Xie Feng, Li Wenshan, Chen Yujie, Li Feng, and Xu Chunxing, respectively issued certificates of merits and awards to the prize-winning units and individuals.

Xing Chongzhi, secretary of the provincial party committee; and Xie Feng, provincial governor, made speeches at the conference. They excitedly said that we should implement the strategic principle set forth by the provincial party committee of relying on science and technology to rejuvenate Hebei down to the vast rural areas, all enterprises, and all fronts; introduce sciences and technologies to each and every economic construction field; and rely on scientific and technological progress to raise economic results and accelerate the pace of construction.

In the new year, the scientific and technological front is confronted with a task of accelerating and deepening reform. The key to fulfilling this task depends on how to closely link science and technology with economic construction. Science and technology should cater to and be introduced to economic construction. If advanced technologies are applied to production, productivity will greatly rise and gigantic economic results created. Some industrial and mining enterprises have made notable achievements in popularizing and applying some advanced technologies. Meanwhile, some industrial and mining enterprises fail to accelerate development speed or raise economic results due to their application of some traditional and backward methods and technologies. Thus, in the course of practice, we should create various

conditions for introducing as soon as possible sciences and technologies to each and every link of production process and bringing into play the functions of advanced sciences and technologies.

There is also a problem concerning how to link sciences and technologies with the several thousand millions of people. Plants and various rural production trades need science and technology, so does the service trade. Therefore, upgrading the scientific and technological quality of workers and peasants is extremely important. We must do much work in order to succeed in this. Some localities have opened technological training classes to upgrade the workers and peasants' knowledge of sciences and technologies. This is one effective measure. We must first popularize general knowledge of science and technology among workers and peasants. Then we must try to improve their knowledge.

Thanks to the implementation of the policies on allowing scientific research organizations to exercise flexibility and on decontrolling science professionals and technicians, these people are provided with the best opportunities for giving full play to their skills. We advocate and encourage the implementation of the policies on sending science professionals and technicians, including those at party and government organs, to the rural areas and plants, and on letting them give full play to their scientific and technological skills. Science professionals and technicians are allowed to become rich ahead of others through hard work. Scientific research centers should bring their scientific and technological advantages into play. They are allowed to run economic associations in cooperation with enterprises. At the same time, they are allowed to run enterprises by themselves so that they will be able to play an exemplary role in promoting the technologies among enterprises of the same trades.

Shanxi's Li Ligong Sets Tasks for 1988 HK100225 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 9 Feb 88

[Text] The fifth enlarged plenary session of the Fifth Shanxi Provincial CPC Committee was held in Taiyuan from 5 to 9 February. The rain agenda consisted of: 1) Studying and implementing the spirit of the 13th National Party Congress, further emancipating the mind, speeding up and deepening reforms, putting reform in command of the overall situation, and arranging the tasks for 1988 on the basis of summing up work in 1987. 2) Endorsing the provincial party committee's decision on punishing the erring Comrade Yan Guanghong.

The session was attended by 55 members and alternate members of the provincial party committee. Also present as non-voters were members of the provincial advisory and discipline inspection commissions, responsible party-member comrades of the provincial People's Congress Standing Committee, government, and CPPCC, party

group secretaries of units under the provincial authorities, prefectural, city, and county party committee secretaries, and responsible comrades of propaganda departments, totalling 332 persons.

Secretary Li Ligong delivered a report on behalf of the Standing Committee of the provincial party committee, entitled "Emancipate the Mind, Deepen Reforms, Speed Up the Pace of Invigorating Shanxi and Enriching Its People." In the first part, Li Ligong reviewed and summed up work in 1987, focusing on two major tasks during the year: 1) Get a firm grasp of economic construction as the core task, compress the atmosphere, deepen reforms, extensively launch the double increase and double economy drive, achieve all-round improvement in economic returns, and ensure steady and healthy development of the province's economy. 2) Unswervingly uphold the four cardinal principles, actively and steadily launch the struggle against bourgeois liberalization, and at the same time, adhere to the general guideline of reform and opening up, continue to eliminate ossified thinking, clear away interference of all kinds, and consolidate and develop the political situation of stability and unity.

In the past year we have scored marked success in economic construction, economic structural reform, the building of socialist spiritual civilization, and party building. The political and economic situation is good.

In the second part of his report, Li Ligong dealt with the tasks for 1988. The guiding idea on work for this year is to fully implement the spirit of the 13th National Party Congress, put reforms in charge of the overall situation, under the guidance of the theory on the initial stage of socialism and the party's basic line, further stabilize and develop the economy, further deepen economic structural reform, launch political structural reform, further step up party building, develop the political situation of stability and unity, and promote all construction and work.

Specifically, Li Ligong made the following points: 1) Seriously study, publicize, and implement the spirit of the 13th National Party Congress; 2) further promote the steady development of the province's economy; 3) further deepen economic structural reform and actively set to work on political structural reform; 4) further consolidate and develop the political situation of stability and unity; 5) step up party building and improve the party's leadership standards.

Participating comrades held lively discussions on this report, with particular emphasis on the following points:

1) On further emancipating the mind; 2) on the province's economic and development strategy; 3) on agriculture; and 4) on political structural reform.

The session endorsed the provincial party committee's decision to punish Comrade Yan Guanghong for committing errors. During party rectification in 1985, Comrade Yan Guanghong, heedless of CPC Central Committee and State Council regulations, twice allowed his

retinue and conference participants to view confiscated pornographic videos. He privately bought foreign exchange on many occasions. He also made the mistake of using his powers to obtain accelerated promotion for his offspring and using state funds to build a private house. The provincial party committee decided, with the approval of the CPC Central Committee, to dismiss Comrade Yan Guanghong from his posts as member of the provincial party committee and secretary of the Xinzhou prefectural party committee.

Comrade Li Ligong presided at the conclusion of the session. Comrades Wang Senhao and Wang Maolin made speeches.

The session held: Since the 13th National Party Congress, the whole country has emancipated its mind and deepened reforms. Earthshaking changes are taking place, and the situation is pressing. Time will not wait for us. The provincial party committee called on party members throughout the province to resolutely carry out the party line, principles, and policies, come out with less empty talk, do more practical deeds, be the first to suffer hardship and the last to enjoy comfort, carry out their duties and responsibilities properly, fully play their model and vanguard role, and unite and lead forward the people of the province to achieve the tasks set by the provincial party committee and government.

Strikes Spread as Workers Defy Government Ban HK091328 Hong Kong AFP in English 1305 GMT 9 Feb 82

[Text] Taipei, Feb 9 (AFP)—A strike by 1,700 car workers in Taiwan entered its second day Tuesday as an unprecedented work slowdown spread across the country in defiance of a government ban on labour stoppages.

Workers at the Ford Lio Ho Motor Co., a subsidiary of Ford Motor Co. of the United States, are demanding an increase in the traditional bonus paid to employees for the Lunar New Year.

Other strikes were reported at Dutch firm Philips Electronics Industries (Taiwan) Ltd.; the country's biggest electronics firm, Tatung Company; the number one textile exporter, Far Eastern Textile Ltd.; the largest car manufacturer Yue Loong Motor Co.; and dozens of other factories, reports said.

A Ford Lio Ho official told AGENCE FRANCE-PRESSE that the company's management was negotitating with labour representatives to stop the slowdown, which had cost the production of about 200 cars a day. Workers had reported to work but had failed to engage in production for two days, he said.

Taiwan employers usually give bonuses before the Lunar New Year, which falls on Febuary 17 this year, and the standard payment to public servants is one month's salary while rates vary in the private sector.

Ford workers were entitled to two-month's salary as a New Year bonus plus one month's salary as an attendance bonus, the Ford official said. An additional bonus, usually one per cent of the company's profits after-tax, would be given in April pending shareholder approval, he added.

The striking workers were demanding that the additional bonus be paid immediately. The company had refused this and had instead offered an advance of 350 U.S. dollars as a compromise, the official said.

Strikes have been illegal in Taiwan to create a favorable investment climate. The Council for Labour Affairs proposed last month to legalize strikes on condition that at least half of the workers agree to the action. The council suggested that strikes be reported to employers and labour authorities seven days in advance, but banned sympathic strikes and those involving politics.

KMT May 'Temper Its Hostility' Toward PRC HK090929 Hong Kong HONGKONG STANDARD in English 9 Feb 88 p 7

[By Chan Wai-fong]

[Text] Taiwan's ruling Kuomintang (KMT) is expected to temper its hostility towards the mainland even more when it reviews policies at its 13th party congress in July.

But it is unlikely that there will be any breakthrough on the issue of reunification, observers in Taipei say.

What is likely to happen, they say, is the legalising of trade across the Taiwan Strait and expanding the categories of people who can visit the mainland via third countries.

The ruling KMT will continue to take a hardline approach on reunification under Dr Sun Yat-sen's Three Principles of the People—nationalism, democracy and social well-being—and the three no's policy in the near future.

The three no's of no contact, no compromise and no negotiation with the mainland transcends the lifting of the ban on mainland visits.

The reasons for this rather conservative and cautious approach is tacit: the new government, now headed by President and acting party chairman, Mr Li Teng-hui, has more urgent issues to attend to,

So the question of reunification is taking a back seat.

These observers also believe that the leadership is deliberately putting aside this sensitive issue to avoid further complications in the still unstable political scene during this transitionary period.

Although developments in Taiwan and the mainland have made changes to the three no's policy imminent, veterans in the top echelon in Taiwan are evidently still unprepared to give up their essentially anti-communist ideological beliefs.

President Li Teng-hui, 65, the first Taiwan native to head the KMT government since its founding more than 70 years ago, has been tactfully toeing the orthodox line since assuming charge.

He reportedly consulted veterans on new suggestions on this issue. The new president evidently appreciates that diversions evidently will trigger undesirable or even unfavourable controversies and debates, both in the island republic and the mainland at a sensitive time.

Adding to this sensitivity is the increasingly vocal calls for independence for the island in the past two years.

The KMT has taken a very harsh line against this. Given his Taiwan origins, the new president has also triggered of worries about his attitude towards this question.

Chinese sources told THE STANDARD that the mainland government is "really worried" about this.

"Not only is the government Taiwanised, even the KMT itself is becoming Taiwanised now that a Taiwan native has become acting chairman," these sources say.

They added that the mainland took the new appointment as a possible threat to the issue of reunification.

"The independence sentiments go back a long time because of the island's long occupation by the Dutch and the Japanese.

"The KMT's policy of isolation from the mainland over the past decades is no more than a continuation of this. With Mr Chiang Ching-kuo as the president and chairman of the KMT, the Taiwan government was harsh towards such sentiments. But now that there is a Taiwanborn president and chairman, we don't know what to expect," they say.

Mr Li, however, appears to have anticipated such fears by declaring himself to be "a Taiwanese and also a Chinese".

Observers say this statement was meant to allay fears that he would exploit his origin and rewrite the long-standing KMT line on reunification.

The KMT has postponed its scheduled review of mainland visits and related policies because of President Chiang's demise.

But over the weekend, a Taiwan newspaper, the INDE-PENDENT EVENING POST, reported that President Li has been persuaded to ease the tense relations across the Taiwan Strait.

The newspaper said that a "peaceful competition" in trade between the two sides had been suggested and the new president had ordered a study into the proposal.

Mr Chen Li-an, a member of the KMT's Central Standing Committee, told a symposium in the U.S. last week that the KMT would examine its overall policy towards the mainland in its up-coming party congress.

The orthodox three no's policy would definitely be on the agenda, Mr Chen said.

It is evident that the KMT cannot retreat from its stand on the mainland question.

However, it is also unlikely that it will give up its ideological principles even though they have become anachronistic given the social, economic and political realities.

Kuomintang, DPP Officials To Resume Dialogue OW100735 Taipei CNA in English 0231 GMT 10 Feb 88

[Text] Taipei, Feb. 10 (CNA)—Liang Su-jung and Hsu Sheng-fa, deputy secretaries-general of the Kuomintang Policy Coordination Committee, will meet informally with leaders of the "Democratic Progressive Party" [DPP] to discuss several political issues Wednesday.

Liang and Hsu are expected to convey the ruling party's firm stand on the so-called "Taiwan independence" issue and its principles and policies towards both strengthening the Republic of China's central parliamentary organizations and the institutionalization of the self-government system.

"DPP" officials, including Fei Hsi-ping and Chen Shuipien are expected to propose that the government hold an over-all parliamentary election and announce a national amnesty for "political prisoners" as well as strengthen the supervision of the handling of the ROC's foreign exchange reserves.

Hong Kong

Hong Kong's White Paper on Basic Law Released HK100758 Hong Kong AFP in English 0750 GMT 10 Feb 88

[Text] Hong Kong, Feb 10 (AFP)—Hong Kong will not have direct elections until 1991, and then they will apply to less than a fifth of the legislature, the government announced Wednesday.

The government decision was stipulated in a policy White Paper which mapped out a timetable for political reform in this British colony before its sovereignty reverts to China in 1997.

Ten out of a current total of 56 seats in the local legislature would be open for direct elections in 1991, when China promulgates a mini-constitution called the Basic Law for governing post-1997 Hong Kong, the document said.

Pro-democracy groups had been calling for direct elections to at least some legislative seats when a new legislature is chosen in September.

Wednesday's decision came as little surprise as critics noted that Beijing had repeatedly warned Hong Kong not to adopt any major or abrupt political changes pending the Chinese takeover.

"The British would just be too willing to give in to the Chinese—they couldn't care less as they'll be pulling out in nine years anyway," said Kam Chong, editor of local China-watching magazine the EMANCIPATION MONTHLY.

Under a 1984 Sino-British pact, Hong Kong is to become a special administrative region of China for 50 years after 1997, during which it is to retain its capitalist style while enjoying "a high degree of autonomy" with an elected legislature. It did not say how such elections are to be carried out.

Critics here led by outspoken legislator Martin Lee Wednesday vowed to continue their fight for a more democratic Hong Kong. A powerful umbrella organization of 97 pressure groups here has called for a mass rally Sunday to call for earlier direct elections.

Pro-democracy lobbyists here had originally urged that 25 percent of the seats in Hong Kong's Legislative Council be open for one-man, one-vote in the council's election scheduled for September.

Twenty-four of the current 56 Legislative Council members were indirectly elected in 1985 by professional bodies and business groups. The rest are either civil servants or government appointees.

Former UK Prime Minister Discusses White Paper HK100723 Hong Kong SOUTH CHINA MORNING POST in English 10 Feb 88 p 2

[Text] Former British Prime Minister Edward Heath knew the contents of the Hong Kong Government's White Paper on political reform before he arrived in the territory this week.

The full contents of the controversial document were explained to Mr Heath by the British Foreign Secretary, Sir Geoffrey Howe, at a special briefing last week.

Mr Heath's private secretary, Mr Richard Burn, said yesterday the former premier was taking a close interest in the debate on the political development of Hong Kong.

The news follows the announcement on Monday of the NEW CHINA News Agency and China's chief representative in the territory, that he had read the paper.

Mr Heath was in Hong Kong for a business meeting although he was keen to hear the views of the people of Hong Kong and also to give them some of his own, Mr Burn said.

He said Mr Heath wanted to hear both sides of the argument and wished to meet all sectors of the community.

Mr Heath yesterday met the senior member of the Legislative Council, Miss Lydia Dunn, Mr Xu Jiatun, local democrats and senior Government officials.

The Governor, Sir David Wilson, last night hosted a dinner in Mr Heath's honour at Government House.

Mr Heath told the press yesterday he would comment on political developments in Hong Kong at a media briefing on Thursday morning, the day after the White Paper is tabled in the Legislative Council.

A statement issued by the NEW CHINA News Agency yesterday said Mr Heath and Mr Xu had held a friendly talk and the two had exchanged views on question of common concern.

After Mr Heath's meeting with the local democrats the Chairman of the Christian Industrial Committee, Dr Ding Lik-kiu, said the former premier had given nothing away about the contents of the White Paper.

"We told him we were still fighting for direct elections to be introduced this year and he listened to what we had to y," Dr Ding said. Mr Heath spoke out in favour of direct elections in the British Parliamentary debate in the UK earlier last month.

However, Dr Ding said he was not optimistic Mr Heath would use his influence to lobby the British Government on behalf of the Hong Kong democrats.

XINHUA Office Reshuffles Officials HK090935 Hong Kong SOUTH CHINA MORNING POST in English 9 Feb 88 p 1

[By Terry Cheng]

[Text] China's representative office in Hong Kong has recently undergone a process of consolidation by reshuffling and filling some of its middle-ranking positions.

The moves followed top-level changes at the Hong Kong branch of the NEW CHINA News Agency [NCNA] late last year which saw replacements of three vice-directors by younger and better educated officials.

Sources yesterday described the latest moves as "normal".

"Since top-level changes were completed, moves at the middle-level are necessary," said a source.

Newly-appointed vice-director, Mr Mo Kwan-nin, has given up his other post of head of the Culture and Education Department to one of his deputies, Mr Wen Xinqiao.

Mr Wen was vice-chancellor of the Xiamen University in Fujian before he was posted here more than a year ago.

Another new vice-director, Mr Zhang Junsheng, is still heading the Propaganda Department. However, he is expected to hand over that post to another officer so that he can concentrate on his new job. A third newly-appointed vice-director, Mr Qiao Zonghua, who is a member of the Chinese team of the Joint Liaison Group and an alternate member of the Communist Party Central Committee, continues his work in addition to the foreign affairs portfolio left behind by the senior vice-director, Mr Li Chuwen. The new appointments are made known to the public when the officials are introduced to guests at NCNA Chinese New Year receptions.

There are reshuffles in other areas of the NCNA.

Mr Wong Man-fong, adeputy secretary-general, has formally taken charge of Taiwan affairs as the related work has been strengthened in view of developments on the "breakaway province".

Last month, he talked in Hong Kong with an opposition figure of Taiwan, Mr Lei Yu-chi, about China's reunification.

Miss Chan Fung-ying has been transferred from her responsibilities with Taiwan affairs to head the Women's Department. But she still holds the rank of an assistant director.

The office of NCNA director, Mr Xu Jiatun, is now headed by Mr Liu Lin who is from the mainland.

Mr Lee Wai-ting, head of the research Office, has been transferred to head the Hong Kong sub-office. He has also become a deputy secretary-general.

Mr Choi Kwok-hae is now acting as the research head.

The head of the New Territories sub-office, Miss Chen Feng, has been transferred to the Organisation Department and she has been succeeded by her deputy Mr Mao Gengnian.

Positions not affected in the reshuffle are Mr Yang Qi, who is still the secretary-general. [sentence as published]. M Niu Chao, who followed Mr Xu to Hong Kong, is still a deputy secretary-general.

These heads of the departments remain unaffected:

Foreign affairs: Mr Ji Shaoxiang who is acting as the head.

Organisation: Mr Ji Shujin.

Recreation and sports: Mr Han Li.

Economics: Miss Tan Fuyun.

Social services: Mr Wu Fai.

Co-ordination: Mr Yang Sheng who is said to retire soon and is likely to be replaced by Mr Lam Hak-peng.

Kowloon sub-office: Mr Fang Jun.

